The following is the text of a report set out on pages [I-[•]] to [I-[•]], received from the Company's reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

PAN-CHINA 天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LEO GROUP CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED

Introduction

We report on the historical financial information of Leo Group Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-4] to [I-•], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-4] to [I-•] 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 H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

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' judgment, 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 considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 Company's and the Group's financial position as at December 31, 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

[Confucius International CPA Limited]
Certified Public Accountants
Hong Kong
[•]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA ("**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 December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	20,471,408	21,170,505	20,050,435
Cost of sales	9	(18,761,746)	(19,278,530)	(18,314,230)
Gross profit		**1,709,662**	**1,891,975**	**1,736,205**
General and administrative expenses	9	(533,742)	(630,257)	(601,433)
Selling and marketing expenses	9	(767,899)	(821,592)	(727,993)
Research and development expenses	9	(134,326)	(177,119)	(193,980)
Net impairment losses on financial and contract assets	3.2	(362,877)	(182,303)	(66,321)
Net gains/(losses) on changes in fair value on financial assets/liabilities	7	1,255,392	(873,047)	(169,230)
Other income	6	118,984	78,167	64,539
Other gains, net	8	1,302,126	303,050	155,987
Operating profit/(loss)		**2,587,320**	**(411,126)**	**197,774**
Finance income	11	120,914	123,035	67,353
Finance costs	11	(91,164)	(106,037)	(99,524)
Finance (costs)/income, net	11	29,750	16,998	(32,171)
Share of net profit/(loss) of investments in associates	15	(18,208)	2,002	16,639
Impairment provision for investments in associates	15	—	(20,283)	(145,061)
Profit/(loss) before income tax		**2,598,862**	**(412,409)**	**37,181**
Income tax (expense)/credit	12	(659,748)	108,198	(47,306)
Profit/(loss) for the year		**1,939,114**	**(304,211)**	**(10,125)**
Attributable to:				
— Owners of the company	39	1,969,125	(259,468)	34,701
— Non-controlling interests		(30,011)	(44,743)	(44,826)
		1,939,114	**(304,211)**	**(10,125)**
Earnings per share attributable to the owners of the Company				
— Basic earnings/(losses) per share	14	0.29	(0.04)	0.01
— Diluted earnings/(losses) per share	14	0.29	(0.04)	0.01

Consolidated statements of comprehensive income

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) for the year		**1,939,114**	**(304,211)**	**(10,125)**
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss in subsequent periods, net of tax:				
— Share of other comprehensive income/(loss) of associates		(419)	542	658
— Currency translation differences of foreign operations		36,312	73,763	(115,320)
— Others		14	—	—
Other comprehensive income/(loss) for the year, net of tax		**35,907**	**74,305**	**(114,662)**
Attributable to:				
— Owners of the company		35,956	74,292	(114,984)
— Non-controlling interests		(49)	13	322
		35,907	**74,305**	**(114,662)**
Total comprehensive income/(loss) for the year		**1,975,021**	**(229,906)**	**(124,787)**
Attributable to:				
— Owners of the company		2,005,081	(185,176)	(80,283)
— Non-controlling Interests		(30,060)	(44,730)	(44,504)
		1,975,021	**(229,906)**	**(124,787)**

Consolidated statements of financial position

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*18*	1,235,995	1,387,693	1,333,987
Investment properties	*21*	104,839	98,926	93,014
Right-of-use assets	*19*	442,256	352,881	316,479
Deferred tax assets	*23*	379,638	388,099	399,686
Intangible assets	*20*	385,951	391,884	391,193
Investments in associates	*15*	1,060,192	1,131,662	1,111,896
Financial assets at fair value through profit or loss	*28*	5,291,125	3,769,324	2,801,014
Prepayments and other receivables	*25*	74,805	44,699	56,970
Other non-current assets	*26*	25,234	17,165	65,011
Total non-current assets		**9,000,035**	**7,582,333**	**6,569,250**
Current assets				
Inventories	*27*	842,059	862,391	680,157
Prepayments and other receivables	*25*	663,776	725,754	744,312
Trade and notes receivables	*24*	6,558,026	5,707,492	5,759,264
Contract assets	*3.2*	74,800	121,273	130,749
Financial assets at fair value through profit or loss	*28*	2,042,420	4,114,288	4,550,610
Other financial assets at fair value through other comprehensive income	*16*	87,281	88,999	60,229
Restricted cash	*29*	1,651,528	1,160,379	673,480
Cash and cash equivalents	*29*	3,296,882	1,144,331	1,912,583
Other current assets	*26*	427,443	479,336	423,686
Total current assets		**15,644,215**	**14,404,243**	**14,935,070**
Total assets		**24,644,250**	**21,986,576**	**21,504,320**
LIABILITIES				
Non-current liabilities				
Borrowings	*30*	286,986	346,086	321,260
Lease liabilities	*19*	226,771	149,117	113,688
Deferred tax liabilities	*23*	2,009,169	1,831,537	1,797,754
Deferred income	*35*	229,930	209,397	200,000
Provisions	*33*	22,003	23,464	21,191
Total non-current liabilities		**2,774,859**	**2,559,601**	**2,453,893**
Current liabilities				
Borrowings	*30*	3,359,898	2,403,745	2,440,753
Trade and notes payables	*31*	3,693,315	3,078,936	2,905,784
Contract liabilities	*5*	544,721	510,524	495,349
Lease liabilities	*19*	35,802	22,904	29,096
Current income tax liabilities		82,622	58,581	46,676
Financial liabilities at fair value through profit or loss	*28*	47,177	8,087	1,416
Accruals and other payables	*32*	378,461	419,868	364,418
Other current liabilities	*34*	43,845	62,531	40,986
Total current liabilities		**8,185,841**	**6,565,176**	**6,324,478**
Net current assets		**7,458,374**	**7,839,067**	**8,610,592**
Total liabilities		**10,960,700**	**9,124,777**	**8,778,371**

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Equity attributable to owner of the Company				
— Share capital	*36*	6,767,239	6,771,779	6,771,779
— Treasury shares	*37*	—	(400,400)	(339,959)
— Other reserves	*40*	1,732,382	1,810,125	1,851,267
— Retained earnings	*39*	5,166,583	4,705,561	4,506,040
		13,666,204	12,887,065	12,789,127
Non-controlling interests	*17*	17,346	(25,266)	(63,178)
TOTAL EQUITY		**13,683,550**	**12,861,799**	**12,725,949**
TOTAL LIABILITIES AND EQUITY		**24,644,250**	**21,986,576**	**21,504,320**

Company's statements of financial position

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment		26,133	7,727	5,431
Investment properties		1,255	997	740
Deferred tax assets	*23*	72,466	67,294	60,617
Intangible assets		4,287	13,864	10,498
Investments in associates	*15*	506,148	482,456	500,967
Investments in subsidiaries	*17*	7,875,998	8,004,833	8,147,488
Financial assets at fair value through profit or loss	*28*	1,094,981	1,067,120	646,307
Other non-current assets		—	574	166
Total non-current assets		**9,581,268**	**9,644,865**	**9,372,214**
Current assets				
Inventories		622	92	238
Prepayments and other receivables	*25*	794,272	1,467,924	815,282
Trade and notes receivables	*24*	13,211	9,312	7,246
Contract assets		6,202	—	—
Financial assets at fair value through profit or loss	*28*	36,858	36,206	—
Other financial assets at fair value through other comprehensive income	*16*	7,338	—	152
Cash and cash equivalents	*29*	17,456	33,570	253,582
Other current assets	*26*	17,208	17,015	30,379
Total current assets		**893,167**	**1,564,119**	**1,106,879**
Total assets		**10,474,435**	**11,208,984**	**10,479,093**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	*23*	24,469	24,469	24,469
Deferred income	*35*	180,669	157,293	137,514
Total non-current liabilities		**205,138**	**181,762**	**161,983**
Current liabilities				
Borrowings	*30*	265,262	126,104	504,365
Trade and notes payable	*31*	78,353	54,959	41,141
Contract liabilities		3,712	955	543
Accrual and other payables	*32*	830,092	2,380,294	1,242,355
Other current liabilities		2	2	2
Total current liabilities		**1,177,421**	**2,562,314**	**1,788,406**
Total liabilities		**1,382,559**	**2,744,076**	**1,950,389**
EQUITY				
Share capital	*36*	6,767,239	6,771,779	6,771,779
Treasury shares	*37*	—	(400,400)	(339,959)
Other reserves	*40*	1,619,138	1,618,261	1,778,946
Retained earnings	*39*	705,499	475,268	317,938
TOTAL EQUITY		**9,091,876**	**8,464,908**	**8,528,704**
TOTAL LIABILITIES AND EQUITY		**10,474,435**	**11,208,984**	**10,479,093**

Consolidated statements of changes in equity

	Attributable to owners of the Company						
	Share capital	Treasury shares	Other Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**6,754,804**	**—**	**1,670,992**	**3,200,553**	**11,626,349**	**41,431**	**11,667,780**
Profit/(loss) for the year	—	—	—	1,969,125	1,969,125	(30,011)	1,939,114
Other comprehensive income/(loss)	—	—	35,956	—	35,956	(49)	35,907
Total comprehensive income/(loss) for the year	**—**	**—**	**35,956**	**1,969,125**	**2,005,081**	**(30,060)**	**1,975,021**
Capital contributions from the non-controlling interests	—	—	—	—	—	13,285	13,285
Return of capital to non-controlling interests	—	—	—	—	—	(5,880)	(5,880)
Share-based payment							
— share-based compensation expenses	—	—	11,436	—	11,436	—	11,436
— exercise of share options	12,435	—	6,840	—	19,275	—	19,275
Appropriation to special reserves	—	—	3,095	(3,095)	—	—	—
Dividends	—	—	—	—	—	(980)	(980)
Share of other equity movement of associates	—	—	3,613	—	3,613	—	3,613
Transaction with non-controlling interests	—	—	450	—	450	(450)	—
Balance at December 31, 2023	**6,767,239**	**—**	**1,732,382**	**5,166,583**	**13,666,204**	**17,346**	**13,683,550**

	Attributable to owners of the Company						
	Share capital	Treasury shares	Other Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**6,767,239**	**—**	**1,732,382**	**5,166,583**	**13,666,204**	**17,346**	**13,683,550**
Loss for the year	—	—	—	(259,468)	(259,468)	(44,743)	(304,211)
Other comprehensive income	—	—	74,292	—	74,292	13	74,305
Total comprehensive income/(loss) for the year	**—**	**—**	**74,292**	**(259,468)**	**(185,176)**	**(44,730)**	**(229,906)**
Capital contributions from the non-controlling interests	—	—	—	—	—	3,321	3,321
Share-based payment							
— share-based compensation expenses	—	—	(4,628)	—	(4,628)	—	(4,628)
— exercise of share options	4,540	—	2,448	—	6,988	—	6,988
Appropriation to special reserves	—	—	(178)	178	—	—	—
Repurchase of shares	—	(400,400)	—	—	(400,400)	—	(400,400)
Dividends	—	—	—	(201,732)	(201,732)	(294)	(202,026)
Share of other equity movement of associates	—	—	4,900	—	4,900	—	4,900
Transaction with non-controlling interests	—	—	909	—	909	(909)	—
Balance at December 31, 2024	**6,771,779**	**(400,400)**	**1,810,125**	**4,705,561**	**12,887,065**	**(25,266)**	**12,861,799**

	Attributable to owners of the Company						
	Share capital	Treasury shares	Other Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**6,771,779**	**(400,400)**	**1,810,125**	**4,705,561**	**12,887,065**	**(25,266)**	**12,861,799**
Profit/(loss) for the year	—	—	—	34,701	34,701	(44,826)	(10,125)
Other comprehensive income/(loss)	—	—	(114,984)	—	(114,984)	322	(114,662)
Total comprehensive income/(loss) for the year	**—**	**—**	**(114,984)**	**34,701**	**(80,283)**	**(44,504)**	**(124,787)**
Capital contributions from the non-controlling interests	—	—	—	—	—	9,504	9,504
Share-based payment — share-based compensation expenses	—	—	(15,502)	—	(15,502)	—	(15,502)
Appropriation to special reserves	—	—	957	(957)	—	—	—
Appropriation to statutory reserves	—	—	7,593	(7,593)	—	—	—
Sale of treasury shares	—	60,441	165,969	—	226,410	—	226,410
Dividends	—	—	—	(225,672)	(225,672)	(5,880)	(231,552)
Share of other equity movement of associates	—	—	1,546	—	1,546	—	1,546
Transaction with non-controlling interests	—	—	(4,437)	—	(4,437)	2,968	(1,469)
Balance at December 31, 2025	**6,771,779**	**(339,959)**	**1,851,267**	**4,506,040**	**12,789,127**	**(63,178)**	**12,725,949**

Consolidated statements of cash flows

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from/(used in) operations	*42(a)*	(541,440)	(144,362)	485,919
Interest received		82,556	57,108	42,173
Income tax paid		(134,033)	(102,754)	(97,217)
Net cash generated from/(used in) operating activities		**(592,917)**	**(190,008)**	**430,875**
Cash flows from investing activities				
Proceeds from disposal of investments in associates		12,676	31,003	381,385
Proceeds from investment income		1,884,243	790,985	195,974
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		7,229	10,315	6,225
Proceeds from disposal of equity investments at fair value through profit or loss		5,492,462	7,044,493	2,491,841
Government grant received in relation to assets		9,036	8,087	20,310
Payments for purchase of investments in associates		(119,870)	(63,542)	(161,953)
Purchases of equity investments at fair value through profit or loss		(5,132,388)	(8,995,748)	(2,643,618)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(312,464)	(285,234)	(165,093)
Movements of restricted cash		(14,546)	21,285	(36,116)
Payment for the acquisition of non-controlling interests in subsidiaries		—	—	(1,470)
Movements of investment intent deposit		15,117	7,339	—
Net cash generated from/(used in) investing activities		**1,841,495**	**(1,431,017)**	**87,485**

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Capital contributions from the non-controlling interests		13,285	3,321	9,504
Proceeds from share schemes		19,275	6,988	—
Proceeds from borrowings		4,144,217	5,707,773	5,132,470
Repayments of borrowings		(2,043,935)	(6,031,959)	(5,135,819)
Principal elements of lease payments		(47,593)	(39,730)	(38,843)
Interests paid		(54,638)	(87,300)	(75,761)
Dividends paid to the Company's shareholders		—	(201,732)	(225,672)
Dividends paid to non-controlling interests		(980)	(294)	(5,880)
Proceeds from sales of treasury shares		—	—	226,410
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Payments for repurchase of shares		—	(400,400)	—
Return of capital to non-controlling interests		(5,880)	—	—
Movements of restricted cash		(773,002)	506,053	403,811
Net cash generated from/(used in) financing activities		**1,250,749**	**(537,280)**	**275,602**
Net increase/(decrease) in cash and cash equivalents		**2,499,327**	**(2,158,305)**	**793,962**
Cash and cash equivalents at beginning of the year		679,734	3,296,882	1,144,331
Effects of exchange rate changes on cash and cash equivalents		117,821	5,754	(25,710)
Cash and cash equivalents at the end of the year		**3,296,882**	**1,144,331**	**1,912,583**

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Leo Group Co., Ltd (利歐集團股份有限公司) (hereinafter referred to as "**the Company**"), formerly known as Zhejiang Leo Electric Co., Ltd. (浙江利歐電氣有限公司), is a joint stock company with limited liability incorporated in the People's Republic of China (the "**PRC**") on February 21, 2005. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002131) on April 27, 2007. The registered office of the Company is located at Wenling City, Zhejiang Province PRC. The ultimate controllers of the company are Mr. Wang Xiangrong and his co-actor Mr. Wang Zhuangli.

The Company and its subsidiaries (hereinafter collectively referred to as "**the Group**") principally engaged in pump and pumping system business and digital marketing businesses. Its pump and pumping system primarily involves the research and development, manufacturing and sales of civil and commercial pumps and industrial pumps. The digital marketing business include marketing strategy and creativity, media placement and execution etc.

The Company's subsidiaries during the Track Record Period are set out in Note 17.

The Historical Financial Information are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss ("**FVTPL**") and financial assets measured at other comprehensive income ("**FVOCI**").

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other material accounting policies information has been set out in Note 45 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Annual Improvements — Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
IFRS 21 'Translation to a Hyper inflationary Presentation Currency'	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group's finance performance and maximizes the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Company and its subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

As at December 31, 2023, 2024 and 2025, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States dollar ("**USD**") and included in a group entity with different functional currency:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets denominated in:			
USD	3,554,560	2,165,706	1,764,234
Others	61,927	97,103	102,643

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities denominated in:			
USD	850,779	133,329	89,366
Others	60,136	61,646	72,980

As shown in the table above, the Group is primarily exposed to changes in USD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments is as below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
USD exchange rate			
Increase 5%	135,189	101,619	83,743
Decrease 5%	(135,189)	(101,619)	(83,743)

Other foreign currencies of changes have no significant impact on foreign exchange risk.

(b) Interest Rate Risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB230,000,000, RMB268,000,000 and RMB540,820,000, respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB1,150,000, RMB1,340,000 and RMB2,704,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash, as well as trade and notes receivables, other receivables and contract assets. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash are mainly placed with reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade and notes receivables, other receivables as well as contract assets, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group has four types of financial assets that are subject to the expected credit loss model:

Cash and cash equivalents, restricted cash;

Trade receivables and contract assets;

Notes Receivables at Amortized Cost and Notes Receivables at FVOCI;

Other receivables.

Credit risk of cash and cash equivalents, and restricted cash

Cash and cash equivalents, and restricted cash are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade and notes receivables

(i) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("**ECL**") which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its trade receivables for certain customers based on historical settlement record.

The Group also made individual assessment on the recoverability of its trade receivables and contract assets for certain customers based on historical settlement records.

The historical loss rates are calculated based on the historical payment profiles of sales and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("**GDP**") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

Trade Receivables

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 were determined as follows for trade receivables:

As at December 31, 2023, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Trade receivables	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables.	958,903	87.70%	841,004	Financial difficulty

As at December 31, 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Trade receivables	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables.	993,159	92.63%	920,012	Financial difficulty

As at December 31, 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Trade receivables	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables.	687,070	91.06%	625,653	Financial difficulty

As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	Year ended December 31, 2023			Year ended December 31, 2024			Year ended December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
Civil pump portfolio .	10.45	871,904	91,144	9.88	1,028,573	101,618	11.75	962,187	113,054
Industrial pump portfolio	14.72	967,309	142,385	16.43	837,636	137,597	15.72	924,908	145,365
Internet portfolio. . .	0.69	4,371,352	30,009	0.93	3,970,320	36,964	0.60	4,048,836	24,465
Other portfolio . . .	0.51	47,080	240	0.94	54,651	512	8.14	37,108	3,022
Total.		**6,257,645**	**263,778**		**5,891,180**	**276,691**		**5,973,039**	**285,906**

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account the historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, the Group assessed these customers' financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	761,789	1,104,782	1,196,703
Loss allowance recognized/(reversed), net	360,169	158,375	58,570
loss allowance write-off *(i)*	(17,176)	(66,454)	(343,714)
Closing loss allowance	**1,104,782**	**1,196,703**	**911,559**

(i) The Group written off receivables from customers who had filed for bankruptcy or were in financial difficulties, upon obtaining board approval in 2023, 2024 and 2025 respectively.

For the year ended December 31, 2025, the write-off includes a material amount of RMB282,909,000 in respect of receivables from Evergrande Group Co., Ltd.

Contract Assets

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component. Set out below is the information about credit risk exposure on the Group's contract assets:

	Year ended December 31,		
	2023	**2024**	**2025**
Assessed based on grouping:			
Expected loss rate	11.03%	15.71%	17.10%
Gross carrying amount *(RMB'000)*	84,076	143,875	157,721
Loss allowance *(RMB'000)*	(9,276)	(22,602)	(26,972)
Net carrying amount *(RMB'000)*	**74,800**	**121,273**	**130,749**

As at January 1, 2023, the carrying amounts of contract assets is amounting to RMB106,352,000 (net of expected credit loss amounting to RMB5,008,000).

(ii) Notes Receivables at Amortized Cost and Notes Receivables at FVOCI

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes as the Group did not expect that there would be any significant losses from non-performance by these reputable banks. For the commercial acceptance notes and finance company acceptance notes, which are usually settled within 6 months to 1 year from the respective issuance date, the Group provided the expected credit loss as at December 31, 2023, 2024 and 2025 amounting to RMB817,000, RMB682,000 and RMB348,000, respectively.

Movements on the provision of ECL for notes receivables at amortized cost and notes receivables at FVOCI are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	87	817	682
Loss allowance recognized/(reversed), net	730	(135)	(334)
Closing loss allowance	**817**	**682**	**348**

(iii) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of deposits, receivables and temporary payments and investment prepayments. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3).

Set out below is the information about credit risk exposure on the Group's other receivables:

	Stage 1	Stage 2	Stage 3	Total
December 31, 2023				
Expected loss rate	2.04%	10.0%	91.09%	
Gross carrying amount *(RMB'000)*	256,533	20,377	63,203	340,113
Loss allowance *(RMB'000)*	5,235	2,038	57,572	64,845
December 31, 2024				
Expected loss rate	1.56%	9.44%	95.48%	
Gross carrying amount *(RMB'000)*	202,807	20,687	72,028	295,522
Loss allowance *(RMB'000)*	3,168	1,952	68,775	73,895
December 31, 2025				
Expected loss rate	2.08%	28.68%	93.62%	
Gross carrying amount *(RMB'000)*	228,757	20,235	65,542	314,534
Loss allowance *(RMB'000)*	4,755	5,803	61,358	71,916

The loss allowances for other receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	68,354	64,845	73,895
Loss allowance recognized/(reversed), net	(1,918)	10,725	3,727
Loss allowance write-off	(1,591)	(1,675)	(5,706)
Closing loss allowance	**64,845**	**73,895**	**71,916**

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due for the corresponding period equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and notes payables	3,693,315	—	—	—	3,693,315	3,693,315
Accruals and other payables (excluding non-financial liabilities)	151,326	—	—	—	151,326	151,326
Lease liabilities	35,802	44,005	121,308	101,073	302,188	262,573
Financial liabilities at fair value through profit or loss (FVTPL)	47,177	—	—	—	47,177	47,177
Other current liabilities	1,162	—	—	—	1,162	1,162
Borrowings	3,420,609	25,594	45,669	264,304	3,756,176	3,646,884
	7,349,391	**69,599**	**166,977**	**365,377**	**7,951,344**	**7,802,437**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and notes payables	3,078,936	—	—	—	3,078,936	3,078,936
Accruals and other payables (excluding non-financial liabilities)	167,124	—	—	—	167,124	167,124
Lease liabilities	22,904	26,211	147,002	—	196,117	172,021
Financial liabilities at fair value through profit or loss (FVTPL)	8,087	—	—	—	8,087	8,087
Other current liabilities	23,920	—	—	—	23,920	23,920
Borrowings	2,415,444	38,531	333,759	15,713	2,803,447	2,749,831
	5,716,415	**64,742**	**480,761**	**15,713**	**6,277,631**	**6,199,919**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Trade and notes payables	2,905,784	—	—	—	2,905,784	2,905,784
Accruals and other payables (excluding non-financial liabilities)	122,837	—	—	—	122,837	122,837
Lease liabilities	32,919	24,658	61,913	41,327	160,817	142,784
Financial liabilities at fair value through profit or loss (FVTPL)	1,416	—	—	—	1,416	1,416
Other current liabilities	6,902	—	—	—	6,902	6,902
Borrowings	2,456,330	—	353,793	—	2,810,123	2,762,013
	5,526,188	**24,658**	**415,706**	**41,327**	**6,007,879**	**5,941,736**

The interest rate of borrowings and lease liabilities are disclosed in Note 30 and Note 19, respectively.

3.4 Price Risk

The Group is mainly exposed to equity price risk arising from investments held by the Group that are classified either as FVTPL (Note 28) or FVOCI (Note 16). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of FVTPL and FVOCI at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, profit before tax for the year would have been approximately RMB364,318,000, RMB393,776,000 and RMB367,510,000 higher/lower as a result of gains/losses on financial instruments classified as at FVTPL, other comprehensive income before tax would have been approximately RMB4,364,000, RMB4,450,000 and RMB3,011,000 higher/lower as a result of fair value changes on financial instruments classified as at FVOCI.

3.5 Capital Management

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

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	24,644,250	21,986,576	21,504,320
Total liabilities	10,960,700	9,124,777	8,778,371
Debt to asset ratio	44.48%	41.50%	40.82%

3.6 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)				
— Equity investments on listed entities	3,151,309	—	—	3,151,309
— Equity investments on unlisted entities	—	—	974,401	974,401
— Equity investments on funds	2,031,623	—	1,176,212	3,207,835
	5,182,932	—	2,150,613	7,333,545
Other financial assets at fair value through other comprehensive income (FVOCI) — Note receivable	—	—	87,281	87,281
Total financial assets	**5,182,932**	**—**	**2,237,894**	**7,420,826**
Financial liabilities				
Financial liabilities at fair value through profit or loss	—	47,177	—	47,177
Total financial liabilities	**—**	**47,177**	**—**	**47,177**

As at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)				
— Equity investments on listed entities	1,766,506	—	—	1,766,506
— Equity investments on unlisted entities	—	—	884,626	884,626
— Derivative financial assets	372,642	—	—	372,642
— Equity investments on funds	3,663,166	—	1,196,672	4,859,838
	5,802,314	—	2,081,298	7,883,612
Other financial assets at fair value through other comprehensive income (FVOCI) — Note receivable	—	—	88,999	88,999
Total financial assets	**5,802,314**	**—**	**2,170,297**	**7,972,611**
Financial liabilities				
Financial liabilities at fair value through profit or loss	—	8,087	—	8,087
Total financial liabilities	**—**	**8,087**	**—**	**8,087**

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)				
— Equity investments on listed entities	1,338,961	—	—	1,338,961
— Equity investments on unlisted entities	—	—	418,121	418,121
— Derivative financial assets	6,966	1,485	—	8,451
— Equity investments on funds	4,495,075	—	1,091,016	5,586,091
	5,841,002	1,485	1,509,137	7,351,624
Other financial assets at fair value through other comprehensive income (FVOCI) — notes receivables	—	—	60,229	60,229
Total financial assets	**5,841,002**	**1,485**	**1,569,366**	**7,411,853**
Financial liabilities				
Financial liabilities at fair value through profit or loss	—	1,416	—	1,416
Total financial liabilities	**—**	**1,416**	**—**	**1,416**

The Company

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)				
— Equity investments on unlisted entities	—	—	621,141	621,141
— Equity investments on funds	36,858	—	473,840	510,698
	36,858	—	1,094,981	1,131,839
Financial assets at fair value through other comprehensive income (FVOCI)	—	—	7,338	7,338
Total financial assets	**36,858**	**—**	**1,102,319**	**1,139,177**

As at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)				
— Equity investments on unlisted entities	—	—	601,142	601,142
— Equity investments on funds	36,206	—	465,978	502,184
	36,206	—	1,067,120	1,103,326
Total financial assets	**36,206**	**—**	**1,067,120**	**1,103,326**

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)				
— Equity investments on unlisted entities	—	—	232,148	232,148
— Equity investments on funds	—	—	414,159	414,159
	—	—	646,307	646,307
Financial assets at fair value through other comprehensive income (FVOCI)				
— notes receivables	—	—	152	152
Total financial assets	**—**	**—**	**646,459**	**646,459**

The market prices of the above listed equity shares measured at Level 1 fair value are determined based on the quoted closing price in active markets.

The fair values of funds and derivative financial instruments are based on quoted market prices, where appropriate.

(b) The Group's Valuation Process

For the financial assets and financial liabilities, including level 3 fair values, the Group's finance department performs the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) Transfers between levels in the hierarchy

For the years ended December 31, 2023 and 2024, there were transfers out of Level 3 fair value measurements of the Group's financial instruments. For transfers out of level 3 measurements see note 3.6(d) below.

For the year ended December 31, 2025, there were no transfers into or out of Level 3 fair value measurements of the Group's financial instruments.

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

(d) The reconciliation of Level 3 assets are analyzed below

	Financial assets at FVOCI and FVTPL		
	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	2,078,416	2,237,894	2,170,297
Acquisitions	394,183	21,518	5,870
Disposals	(30,000)	(22,115)	(531,997)
Transferred to long-term equity investments	(144,705)	(67,000)	—
Changes in fair value through profit or loss	(60,000)	—	(74,804)
Closing balance	**2,237,894**	**2,170,297**	**1,569,366**

(e) Valuation Inputs and Relationships to Fair Value

Description	Fair value As at December 31, 2023	2024	2025	Valuation techniques	Significant unobservable input(s)	Ranges of inputs 2023	2024	2025	Relation of unobservable input(s) to fair values
	RMB'000	*RMB'000*	*RMB'000*						
Note receivable at FVOCI	87,281	88,999	60,229	Discounted cash flow method	Discount rate	1.73%–1.83%	1.55%–1.83%	0.91%–2.25%	An increase in discount rate would result in decrease in fair value, and vice versa.
Equity investments at FVTPL	97,852	97,852	90,545	Market approach	Price/Book Ratio (P/B Ratio)	0.48–4.17	0.56–6.23	0.57–7.99	An increase in P/B Ratio would result in an increase in fair value, and vice versa.
					Price/Sales Ratio (P/S Ratio)	13.49	14.83	24.34	An increase in P/S Ratio would result in an increase in fair value, and vice versa.
	299,194	299,194	220,859	Discounted cash flow method	Discount rate	9.85%–15.80%	7.41%–14.80%	6.91%–15.00%	An increase in discount rate would result in decrease in fair value, and vice versa.
	1,753,567	1,684,252	1,197,733	Net asset value	Net asset value	N/A	N/A	N/A	An increase in Net asset value would result in an increase in fair value, and vice versa.

(i) Other than described above, there were no significant unobservable inputs that materially affect its fair values.

If the discount rate of the note receivable at FVOCI held by the Group had been 0.5% higher/lower, the fair values of the note receivable at FVOCI held by the Group as at December 31, 2023, 2024 and 2025 would have been approximately RMB340,000, RMB305,000 and RMB217,000 lower, or RMB343,000, RMB308,000 and RMB219,000 higher, respectively.

If the P/B Ratio of equity investments at FVTPL had been 1% higher/lower, the fair values of the equity investments at FVTPL as at December 31, 2023, 2024 and 2025 would have been approximately RMB649,000, RMB862,000 and RMB791,000 higher/lower, respectively.

If the P/S Ratio of equity investments at FVTPL had been 1% higher/lower, the fair values of the equity investments at FVTPL as at December 31, 2023, 2024 and 2025 would have been approximately RMB88,000, RMB71,000 and RMB139,000 lower, or RMB90,000, RMB71,000 and RMB142,000 higher, respectively.

If the discount rate of equity investments at FVTPL had been 1% higher/lower, the fair values of the equity investments at FVTPL as at December 31, 2023, 2024 and 2025 would have been approximately RMB816,000, RMB494,000 and RMB234,000 lower, or RMB856,000, RMB495,000 and RMB229,000 higher, respectively.

If the net asset value of equity investments at FVTPL had been 1% higher/lower, the fair values of the equity investments at FVTPL as at December 31, 2023, 2024 and 2025 would have been approximately RMB14,029,000, RMB14,344,000 and RMB13,871,000, higher/lower, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Allowance for Expected Credit Loss of Receivables

Except for certain trade receivables from customers with specific credit risk that management adopts an individual impairment assessment approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in mainland China and abroad. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product ("**GDP**") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(b) Estimated Net Realizable Value of Inventories

In accordance with the Group's accounting policy, the Group estimates net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for executed sales contracts, management estimates the net realizable amount based on the contracted price. For raw materials and work-in-progress, management has established a model in estimating the net realizable amount at which the inventories can be realizable in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the year which reflect conditions that existed at the end of each year.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(c) Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets (excluding freehold land and goodwill). These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

(e) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, intangible assets, investments in associates, investments in subsidiaries, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts is the higher of value-in-use ("**VIU**") calculations or fair value less costs of disposal ("**FVLCD**"). These calculations require the use of judgments and estimates.

(f) Fair Value Measurement of Financial Assets and Liabilities at Level 3 Fair Value Hierarchy

The fair value of financial instruments classified as level 3 is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**"). The executive directors assess the financial performance and position of the Group and make strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director, the chief financial officer and the managers for each business unit. The CODM reviews the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segment based on these reports.

As at December 31, 2023, 2024 and 2025, the CODM have identified the following reportable segments from a product perspective:

- Machinery manufacturing industry
- Internet advertising
- Others, this part of the business primarily includes a) the semiconductor business and b) the investment business.

(b) Segment Information

For the years ended December 31, 2023, 2024 and 2025, the CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment.

Segment information for the year ended December 31, 2023, is as follows:

	Machinery manufacturing industry	Internet advertising	Others	Less: Elimination between business units	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from transactions with external customer	3,911,682	16,535,514	5,246	—	20,452,442
Other revenue *(i)*	12,924	2,863	3,179	—	18,966
Inter-segment revenue	7,186	14,190	11,509	32,885	—
Cost of sales	3,010,675	15,742,605	15,053	6,587	18,761,746
Gross profit	921,117	809,962	4,881	26,298	1,709,662
Share of profit or loss of investments in associate	(4,950)	(11)	(13,247)	—	(18,208)
Net impairment losses on financial assets and contract assets	(45,383)	(317,281)	(213)	—	(362,877)
Depreciation and amortization	130,029	50,186	13,863	—	194,078
Profit/ (loss) before income tax	2,896,741	(72,650)	(186,316)	38,913	2,598,862
Income tax (expense)/credit	(670,769)	(6,432)	17,453	—	(659,748)
Profit/ (loss) for the year	2,225,972	(79,082)	(168,863)	38,913	1,939,114
Total assets	15,176,258	8,038,288	3,978,327	2,548,623	24,644,250
Total liabilities	6,001,240	5,272,680	2,235,403	2,548,623	10,960,700
Investments in associates	126,460	12,011	921,721	—	1,060,192

Segment information for the year ended December 31, 2024, is as follows:

	Machinery manufacturing industry	Internet advertising	Others	Less: Elimination between business units	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from transactions with external customer	4,653,411	16,462,673	32,801	—	21,148,885
Other revenue *(i)*	18,731	803	2,086	—	21,620
Inter-segment revenue	1,943	792	4,530	7,265	—
Cost of sales	3,565,687	15,672,436	44,269	3,862	19,278,530
Gross profit	1,108,398	791,832	(4,852)	3,403	1,891,975
Share of profit or loss of investments in associate	(1,470)	(12)	3,484	—	2,002
Net impairment losses on financial assets and contract assets	(48,228)	(142,516)	8,441	—	(182,303)
Impairment provision for investments in associates	—	—	(20,283)	—	(20,283)
Depreciation and amortization	153,267	40,804	12,825	—	206,896
Profit/ (loss) before income tax	(256,696)	54,699	(192,316)	18,096	(412,409)
Income tax (expense)/credit	117,292	(8,617)	(477)	—	108,198
Profit/ (loss) for the year	(139,404)	46,082	(192,793)	18,096	(304,211)
Total assets	14,903,446	7,276,374	2,715,781	2,909,025	21,986,576
Total liabilities	5,794,647	4,371,563	1,867,592	2,909,025	9,124,777
Investments in associates	151,891	11,998	967,773	—	1,131,662

Segment information for the year ended December 31, 2025, is as follows:

	Machinery manufacturing industry	Internet advertising	Others	Less: Elimination between business units	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from transactions with external customer	4,336,799	15,651,196	40,046	—	20,028,041
Other revenue *(i)*	19,633	321	2,440	—	22,394
Inter-segment revenue	304	4,144	16,555	21,003	—
Cost of sales	3,305,697	14,938,207	85,018	14,692	18,314,230
Gross profit	1,051,039	717,454	(25,977)	6,311	1,736,205
Share of profit or loss of investments in associate	9,656	(55)	7,038	—	16,639
Net impairment losses on financial assets and contract assets	(208,424)	(7,995)	150,098	—	(66,321)
Depreciation and amortization	177,981	34,463	10,360	—	222,804
Profit/(loss) before income tax	(3,211)	149,366	(223,467)	(114,493)	37,181
Income tax (expense)/credit	(5,120)	39,828	12,598	—	47,306
Profit/(loss) for the year	1,909	109,538	(236,065)	(114,493)	(10,125)
Total assets	14,539,732	6,826,600	3,149,191	3,011,203	21,504,320
Total liabilities	5,562,303	3,818,525	2,408,746	3,011,203	8,778,371
Investments in associates	159,556	11,940	940,400	—	1,111,896

(c) Revenue from external customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers			
Timing of revenue recognition			
At a point in time			
— Sale of goods	3,938,640	4,714,209	4,422,975
— Provision of services	374,538	458,199	371,450
	4,313,178	5,172,408	4,794,425
Over time			
— Provision of services	16,139,264	15,976,477	15,233,616
Other revenue *(i)*	18,966	21,620	22,394
	20,471,408	**21,170,505**	**20,050,435**

(i) Other revenue represents sales lease income.

(d) Revenue from business

	2023		2024		2025	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Digital marketing business	16,513,802	15,723,224	16,434,676	15,644,228	15,605,066	14,893,866
Pump and pumping system business	3,483,182	2,560,846	4,234,047	3,128,445	4,141,255	3,099,198
Other business	474,424	477,676	501,782	505,857	304,114	321,166
	20,471,408	**18,761,746**	**21,170,505**	**19,278,530**	**20,050,435**	**18,314,230**

(e) Revenue from Major Customers

The major customer who contributed 10% or more of the Group's revenue for the years ended December 31, 2023, 2024 and 2025 is set out below:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Customer A	—	—	2,140,495	10.11	—	—

All the revenue derived from other single external customers were less than 10% of the Group's total revenue for the years ended December 31, 2023, 2024 and 2025.

(f) Geographical Information

The Company is domiciled in Mainland China. The amount of the Group's revenue from contracts with customers by location is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	18,980,402	18,883,347	17,785,633
Other countries or regions	1,472,040	2,265,538	2,242,408
	20,452,442	**21,148,885**	**20,028,041**

(g) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	544,721	510,524	495,349

As at January 1, 2023, the Group's contract liabilities from customers amounted to approximately RMB528,889,000.

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the beginning balance	512,858	498,071	475,398

Management expects that the unsatisfied obligation of RMB16,031,000, RMB46,650,000 and RMB35,126,000 as at December 31, 2023, 2024 and 2025, respectively, will be recognized as revenue during the next twelve months.

(h) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

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

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers goods or services to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Products revenue

The Group is principally engaged in manufacturing of pump related products and digital marketing businesses.

Revenue from domestic sales of products is recognized when the group has delivered products to the location specified in the sales contract and the buyer has confirmed the acceptance of the products, and the delivery order is signed by both parties. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from oversea sales of products, except for DDP terms, is recognized at a point in time once the products have been declared to the customs and the bill of lading has been obtained. At this point, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products. For oversea sales of products under DDP (Delivered Duty Paid) terms, the revenue is recognized at a point in time, when the group has delivered product to the buyer's designated warehouses and the bill of lading has been obtained .At this point, the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits; and bears the significant risks and rewards incidental to ownership.

Services revenue

The Group principally provides advertising agency services such as creative services, social media marketing, media agency and precision marketing.

Revenue from creative services is recognized at a point in time when control of the service deliverables transfers to the customer. This transfer occurs when the services have been completed in accordance with the contractual specifications and the customer has formally accepted the deliverables, thereby confirming that the Group has fulfilled its performance obligation. At this stage, the customer obtains the ability to direct the use of, and derive substantially all of the remaining benefits from, the creative services.

Revenue from social media marketing services is recognized at the point in time when control of the services transfers to the customer, which occurs upon client acceptance of the workload data. The Group considers control to have transferred when: (i) the services have been performed in accordance with the contract terms, (ii) the customer has formally accepted the workload data and (iii) the Group has obtained an enforceable right to consideration with reasonable assurance that the associated economic benefits will flow to the Group.

Revenue from media placement services is recognized over time as the advertising services are rendered, which reflects that the customer obtains and consumes the economic benefits arising from the Group's performance simultaneously with the Group's performance and the transfer of control to the client as the media campaigns are executed, with the Group measuring progress toward complete satisfaction of the performance obligation using an input method based on actual media placements as confirmed by both parties.

Revenue from precision marketing services is recognized based on the consumed amounts which are reconciled monthly between the Group and the client. This recognition reflects that the customer obtains and consumes the economic benefits arising from the Group's performance simultaneously with the Group's performance, as well as the transfer of control of the advertising services to the customer as the performance obligation is satisfied over time.

When the Group recognizes revenue based on the progress towards complete satisfaction of a performance obligation, the amount with unconditional right to consideration obtained by the Group is recognized as trade receivables, and the rest is recognized as contract assets. Meanwhile, provision for trade receivables and contract assets is recognized on the basis of expected credit losses. If the contract consideration received or receivable exceeds the progress of the service performed, the excess portion will be recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

6. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	48,462	49,192	49,396
Additional deduction for VAT	62,539	20,112	6,455
Others	7,983	8,863	8,688
	118,984	**78,167**	**64,539**

7. NET GAINS/LOSSES ON CHANGES IN FAIR VALUE ON FINANCIAL ASSETS/LIABILITIES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Changes In Financial Assets			
Trading financial assets	(4,708)	24,778	356,886
Derivative financial assets	—	—	1,485
Other non-current financial assets	1,307,277	(889,738)	(533,313)
	1,302,569	**(864,960)**	**(174,942)**
Changes In Financial Liabilities			
Trading financial liabilities	(47,177)	—	—
Derivative financial liabilities	—	(8,087)	5,712
	(47,177)	**(8,087)**	**5,712**
	1,255,392	**(873,047)**	**(169,230)**

8. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)	1,270,978	285,082	164,512
Net foreign exchange differences	23,923	20,245	14,294
Net losses/(gain) on disposal of property, plant and equipment and other long-term assets	7,856	(3,621)	(22,194)
Others	(631)	1,344	(625)
	1,302,126	**303,050**	**155,987**

9. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advertising Agency Business	15,494,518	15,360,564	14,638,708
Raw materials and consumables used	2,583,086	3,117,107	2,795,407
Employee benefits expenses *(Note 10)*	1,075,302	1,185,632	1,225,435
Marketing, conference and traveling expenses	161,403	180,426	176,308
Depreciation and amortization	194,078	206,896	222,804
Digital Marketing Services	225,679	277,855	248,011
Utility costs	169,940	187,219	182,909
Transportation costs	57,093	55,005	53,726
Auditor's services	1,462	1,462	1,462
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other expenses *(i)*	235,152	335,332	291,715
	20,197,713	**20,907,498**	**19,837,636**

(i) Other expenses primarily include agency expenses, taxes and surcharges, business development expenses, etc.

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	873,963	965,924	986,556
Share-based compensation expenses	11,436	(4,628)	(15,502)
Provident fund, medical insurance and other social insurance	72,007	86,719	92,510
Pension costs *(i)*	68,746	88,659	89,311
Other employee benefits	49,150	48,958	72,560
	1,075,302	**1,185,632**	**1,225,435**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the years ended December 31, 2023, 2024 and 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(a) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees	Salaries, wages and bonuses	Retirement benefits	Provident fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Non-executive directors:						
Mr. Wang Chengbin *(i)*	38	—	—	—	—	38
Mr. Peng Tao	100	—	—	—	—	100
Mr. Yuan Yuan	100	—	—	—	—	100
Mr. Dai Haiping *(i)*	62	—	—	—	—	62
Executive director:						
Mr. Wang Xiangrong	—	2,006	68	152	—	2,226
Mr. Wang Zhuangli	—	1,379	7	27	—	1,413
Mr. Zhang Xubo	—	1,480	68	155	—	1,703
Mr. Chen Linfu	—	701	—	18	—	719
Supervisors:						
Mr. Lin Renyong	—	412	7	23	—	442
Mr. Pan Lingsong	—	420	7	20	—	447
Ms. Chen Wenyu	—	480	68	136	—	684
Total	**300**	**6,878**	**225**	**531**	**—**	**7,934**

	Fees	Salaries, wages and bonuses	Retirement benefits	Provident fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Non-executive directors:						
Mr. Peng Tao *(ii)*	28	—	—	—	—	28
Mr. Yuan Yuan *(ii)*	28	—	—	—	—	28
Mr. Dai Haiping *(iii)*	—	—	—	—	—	—
Mr. Yan Shifu *(ii)*	73	—	—	—	—	73
Mr. Huang Rongbing *(ii)*	73	—	—	—	—	73
Executive director:						
Mr. Wang Xiangrong	—	1,971	70	155	—	2,196
Mr. Wang Zhuangli	—	1,399	9	28	—	1,436
Mr. Zhang Xubo	—	1,470	70	154	—	1,694
Mr. Chen Linfu	—	209	—	3	—	212
Supervisors:						
Mr. Lin Renyong	—	431	9	24	—	464
Mr. Pan Lingsong	—	437	9	23	—	469
Ms. Chen Wenyu	—	592	70	135	—	797
Total	**202**	**6,509**	**237**	**522**	**—**	**7,470**

	Fees	Salaries, wages and bonuses	Retirement benefits	Provident fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025						
Non-executive directors:						
Mr. Dai Haiping *(iv)*	—	—	—	—	—	—
Mr. Yan Shifu	100	—	—	—	—	100
Mr. Huang Rongbing	100	—	—	—	—	100
Executive director:						
Mr. Wang Xiangrong	—	1,987	127	74	—	2,188
Mr. Wang Zhuangli	—	1,419	36	45	—	1,500
Mr. Zhang Xubo	—	1,445	138	74	—	1,657
Mr. Chen Linfu *(iv)*	—	123	—	—	—	123
Ms. Wang Lingyu *(iv)*	—	379	36	25	—	440
Supervisors:						
Mr. Lin Renyong	—	287	7	18	—	312
Mr. Pan Lingsong	—	329	27	30	—	386
Mr. Chen Wenyu	—	576	109	56	—	741
Total	**200**	**6,545**	**480**	**322**	**—**	**7,547**

(i) Mr. Wang Chengbin resigned as an independent non-executive director of the Company on May 19, 2023, upon the expiry of his term of office. Mr. Dai Haiping was appointed as an independent non-executive director of the Company on May 19, 2023.

(ii) Mr. Peng Tao and Mr. Yuan Yuan resigned as an independent non-executive director of the Company on April 10, 2024, upon the expiry of his term of office and personal work arrangements respectively. Mr. Yan Shifu and Mr. Huang Rongbing were appointed as an independent non-executive director of the Company on April 10, 2024.

(iii) Since 2024, Mr. Dai Haiping would not receive any director's fee from the Company.

(iv) Ms. Wang Lingyu was appointed as an executive director of the Company on September 23, 2025. Mr.Chen Linfu resigned as an executive director of the Company on September 7, 2025, upon personal work arrangements. Mr. Dai Haiping resigned as an independent non-executive director of the Company on September 7, 2025, upon personal work arrangements.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 43, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 1, 1 and 1 director respectively whose emoluments are reflected in the analysis shown in Note 10(a) above. The emoluments paid to the remaining 4, 4 and 4 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	8,550	12,297	11,708
Share-based payments	594	(439)	(1,022)
	9,144	**11,858**	**10,686**

Details of the remuneration of the five highest paid employees who are neither a director nor a supervisor of the Company during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1 to HKD500,000	—	—	—
HKD500,001 to HKD1,000,000	—	—	—
HKD1,000,001 to HKD1,500,000	—	—	—
HKD1,500,001 to HKD2,000,000	—	—	2
HKD2,000,001 to HKD2,500,000	3	1	—
HKD2,500,001 to HKD3,000,000	—	1	—
HKD3,000,001 to HKD3,500,000	—	—	2
HKD3,500,001 to HKD4,000,000	1	—	—
HKD4,000,001 to HKD4,500,000	—	2	—
	4	4	4

11. FINANCE (COSTS)/INCOME, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from financial assets held for cash management purposes	120,914	123,035	67,353
Finance costs:			
Interest expenses on lease liabilities	11,065	5,611	2,456
Interest expenses on borrowings	80,099	103,911	97,068
Less: capitalized finance costs	—	(3,485)	—
Finance costs total	91,164	106,037	99,524
Finance (costs)/income, net	**29,750**	**16,998**	**(32,171)**

12. INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expense) of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	100,461	77,895	94,292
Deferred income tax	559,287	(186,093)	(46,986)
	659,748	**(108,198)**	**47,306**

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

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax Laws (the "**EIT Law**") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, certain subsidiaries of the Group has obtained High and New Technology Enterprises certification ("**HNTE**") and hence it was entitled to a preferential CIT rate of 15% for a valid period of 3 years. This qualification is subject to review by the relevant authority in the PRC for every three years.

During the Track Record Period, the portion of small and micro-profit enterprises' annual taxable income that does not exceed RMB1 million shall be included in taxable income at a reduced rate of 25%, with corporate income tax payable at a 20% tax rate.

(b) Hong Kong Profits Tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023, 2024 and 2025.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before income tax	**2,598,862**	**(412,409)**	**37,181**
Calculated at the PRC taxation rate of the Company (25%)	649,716	(103,102)	9,295
Effect of different tax rates applicable to subsidiaries *(i)*	(27,518)	(45,379)	(18,017)
Non-deductible expenses for tax purposes	8,432	4,788	3,126
Unused tax losses and temporary differences not recognized as deferred tax assets	52,020	75,579	80,757
Super deduction for research and development expenses	(20,623)	(24,625)	(28,662)
Others	(2,279)	(15,459)	807
	659,748	**(108,198)**	**47,306**

(i) Reconciling differences are attributable to variations between the statutory tax rates applicable to certain subsidiaries and the parent company's 25% rate.

13. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final cash dividends in respect of the previous year, declared and paid during the year	—	201,732	225,672
Total	**—**	**201,732**	**225,672**

The final dividends of RMB0.3 and RMB0.3 per 10 shares (tax inclusive) in respect of the years ended December 31, 2023 and 2024 were approved by the Annual General Meeting of the Company.

The final dividend distribution of RMB193,433,000 in respect of the year ended December 31, 2024 approved by the Annual General Meeting in May 2025 was subsequently paid in June 2025.

The final dividends of RMB0.3 per 10 shares (tax inclusive) in respect of the years ended December 31, 2025 were approved by the Annual General Meeting of the Company in May 2026.

14. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings/(loss) per share is based on the following:

	As at December 31,		
	2023	2024	2025
Profit/(loss) attributable to ordinary shareholders of the Company *(RMB'000)*	1,969,125	(259,468)	34,701
Weighted average number of ordinary shares in issue *(thousands)*	6,758,009	6,672,115	6,447,763
Basic EPS (RMB per share)	**0.29**	**(0.04)**	**0.01**

(b) Diluted Earnings Per Share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	As at December 31,		
	2023	2024	2025
Adjusted profit/(loss) attributable to ordinary shareholders of the Company used in calculating diluted EPS *(RMB'000)*	1,969,125	(259,468)	34,701
Weighted average number of ordinary shares in issue *(thousands)*	6,758,009	6,672,115	6,447,763
Adjustments for potential shares arising from share schemes *(thousands)*	—	—	—
Diluted EPS (RMB per share)	**0.29**	**(0.04)**	**0.01**

For the year ended December 31, 2023, 2024 and 2025, the share options (Note 38) were not included in the calculation of diluted earnings per share because the Company did not meet the performance conditions.

15. INVESTMENTS IN ASSOCIATES

The amounts of investments in associates recognized in the Historical Financial Information are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Associates	**1,060,192**	**1,131,662**	**1,111,896**

The movements of investments in associates during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	851,085	1,060,192	1,131,662
Additions	264,576	130,543	155,267
Disposals and transfers out	(34,329)	(32,317)	(38,475)
Share of results of associates	(18,208)	2,002	16,639
Share of other equity movement	3,613	4,900	1,546
Share of other comprehensive income	(419)	542	658
Dividends	(6,126)	(13,917)	(10,340)
Less: provision for impairment *(i)*	—	(20,283)	(145,061)
At the end of the year	**1,060,192**	**1,131,662**	**1,111,896**

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

(i) In May 2025, Fujian Pingtan Yuanchu Investment Co., Ltd. ("**Pingtan Yuanchu**") and Wenling Lixin Machinery Co., Ltd. ("**Wenling Lixin**"), wholly-owned subsidiaries of the Company, jointly acquired 42,000,000 shares of Shanghai Prosolar Resources Development Co., Ltd. ("**Shanghai Prosolar**") through judicial auction, representing approximately 9.88% of its issued share capital. The total consideration paid by Pingtan Yuanchu and Wenling Lixin for the transaction amounted to RMB153.2673 million.

On April 28, 2026, Shanghai Prosolar published its annual report for the year ended December 31, 2025. Its auditor issued a disclaimer of opinion on Shanghai Prosolar's 2025 financial statements. Pursuant to the relevant provisions of the Shanghai Stock Exchange Listing Rules, the shares of Shanghai Prosolar would be delisted.

During the year ended December 31, 2025, the Group recognised an impairment loss in respect of its investment in Shanghai Prosolar, an associate of the Group. In accordance with IAS 36 Impairment of Assets, the Group performed an impairment test on this investment, for which impairment indicators were identified. The recoverable amount is determined as the higher of fair value less costs of disposal ("**FVLCD**") and value in use ("**VIU**"). Given that Shanghai Prosolar faced delisting risk and significant uncertainty regarding its going concern, the recoverable amount for the purpose of this impairment test was determined based on fair value less costs of disposal. Such amount was determined by reference to the Group's share of the audited net identifiable assets of Shanghai Prosolar, with the key parameters based on the carrying amount of Shanghai Prosolar's audited net identifiable assets.

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Group's share of the results of individually immaterial associates are shown in aggregate as below, respectively:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	1,060,192	1,131,662	1,111,896
Aggregate amounts of the Group's share of:			
Profit/(loss) for the year	(18,208)	2,002	16,639
Other comprehensive income/(loss)	(419)	542	658
	(18,627)	**2,544**	**17,297**

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Associates	**506,148**	**482,456**	**500,967**

The movements of investments in associates during the Track Record Period are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	412,220	506,148	482,456
Additions	111,375	—	—
Disposals and transfers out	(22,327)	(29,700)	—
Share of results of associates	9,765	18,629	23,869
Share of other equity movement	1,774	528	1,329
Share of other comprehensive income	(533)	768	1,295
Dividends or profits declared	(6,126)	(13,917)	(7,982)
At the end of the year	**506,148**	**482,456**	**500,967**

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates

	As at December 31		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	506,148	482,456	500,967
Aggregate amounts of the Company's share of:			
Profit for the year	9,765	18,629	23,869
Other comprehensive income/(loss)	(533)	768	1,295
	9,232	**19,397**	**25,164**

16. FINANCIAL INSTRUMENTS MEASURED AT FVOCI

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
— Notes receivables at FVOCI *(i)(ii)*	**87,281**	**88,999**	**60,229**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
— Notes receivables at FVOCI *(i)*	**7,338**	**—**	**152**

(i) These notes receivables were classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling.

(ii) Notes receivables at FVOCI

These notes receivables are classified and measured at FVOCI, as they are held under a business model whose objective is to both collect contractual cash flows and sell the financial assets. In the ordinary course of the Group's treasury management, the Group discounts and endorses certain of these notes receivables, and such transactions satisfy the derecognition criteria. Details of notes receivables that have been endorsed or discounted but not yet matured as at the balance sheet date are set out below:

The Group

	As at December 31		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amount transferred to suppliers	—	214,012	238,036
Amount transferred to banks	66,507	503,641	199,932
	66,507	**717,653**	**437,968**

17. SUBSIDIARIES

During the Track Record Period, the Company's primary subsidiaries are as follows:

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest held by the Company As at December 31, 2023		2024		2025		Principal activities
			'000	*Direct*	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	
1	Leo Group Pump Co., Ltd. (利歐集團泵業有限公司)	PRC, limited liability company	RMB1,236,900	100%	–	100%	–	100%	–	Pump and pumping system
2	Leo Group Pump (Zhejiang) Co., Ltd. (利歐集團浙江泵業有限公司)	PRC, limited liability company	RMB693,690	–	100%	–	100%	–	100%	Research and development, manufacturing and sales of pumps
3	Leo Group Pump (Hunan) Co., Ltd. (利歐集團湖南泵業有限公司)	PRC, limited liability company	RMB436,900	–	100%	–	100%	–	100%	Production and sales of Industrial pump
4	Leo Juhe Advertising Co., Ltd. (利歐聚合廣告有限公司)	PRC, limited liability company	RMB 500,000	–	100%	–	100%	–	100%	Digital marketing
5	Leo Group Digital Technology Co., Ltd. (利歐集團數字科技有限公司)	PRC, limited liability company	RMB400,000	100%	–	100%	–	100%	–	Digital marketing
6	Shanghai MediaV Advertising Co., Ltd. (上海聚勝萬合廣告有限公司)	PRC, limited liability company	RMB170,500	–	100%	–	100%	–	100%	Digital marketing
7	Beijing Micro Innovation Era Advertising Co., Ltd. (北京微創時代廣告有限公司).	PRC, limited liability company	RMB10,000	–	100%	–	100%	–	100%	Digital marketing
8	Leo Holdings Hong Kong Limited (利歐香港有限公司) . .	Hong Kong SAR, PRC, limited liability company	USD 5,000	–	100%	–	100%	–	100%	Investment holding
9	Leo Group Pump Technology Co., Ltd. (利歐集團泵業科技有限公司)	PRC, limited liability company	RMB123,690	–	100%	–	100%	–	100%	Pump and pumping system
10	Shanghai Jujia Internet Technology Co., Ltd. (上海聚嘉網路技術有限公司)	PRC, limited liability company	RMB186,000	–	100%	–	100%	–	100%	Internal support

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest held by the Company — As at December 31, 2023		2024		2025		Principal activities
			'000	*Direct*	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	
11	Shanghai Manku Advertising Co., Ltd. (上海漫酷廣告有限公司)	PRC, limited liability company	RMB151,500	—	100%	—	100%	—	100%	Digital marketing
12	Shanghai Manku Internet Technology Co., Ltd. (上海漫酷網路技術有限公司)	PRC, limited liability company	RMB5,000	—	100%	—	100%	—	100%	Digital marketing
13	Shanghai Arkr Advertising Co., Ltd. (上海氬氪廣告有限公司).	PRC, limited liability company	RMB50,000	—	100%	—	100%	—	100%	Digital marketing
14	Shanghai Aosi Advertising Co., Ltd. (上海驁司廣告有限公司).	PRC, limited liability company	RMB5,000	—	70%	—	70%	—	70%	Digital marketing
15	Shanghai Dawang Era Information Technology Co., Ltd. (上海大網時代資訊技術有限公司) . .	PRC, limited liability company	RMB50,000	—	100%	—	100%	—	100%	Digital marketing
16	Leo Advertising Communication Co., Ltd. (利歐廣告傳播有限公司)	PRC, limited liability company	RMB50,000	—	100%	—	100%	—	100%	Digital marketing
17	Shanghai Liongate Semiconductor Co., Ltd. (上海獅門半導體有限公司)	PRC, limited liability company	RMB100,000	—	53%	—	53%	—	53%	Semiconductor
18	Liongate Microelectronics (Wenling) Co., Ltd. (獅門微電子(溫嶺)股份有限公司)	PRC, limited liability company	RMB100,000	—	53%	—	53%	—	53%	Semiconductor

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

		Name of statutory auditors		
	Name of subsidiary	2023	2024	2025
1	Leo Group Pump Co., Ltd.	—	—	—
2	Leo Group Pump (Zhejiang) Co., Ltd.. . .	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
3	Leo Group Pump (Hunan) Co., Ltd.. . . .	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
4	Leo Aggregation Advertising Co., Ltd. . .	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
5	Leo Group Digital Technology Co., Ltd. .	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
6	Shanghai MediaV Advertising Co., Ltd.. .	—	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
7	Beijing Micro Innovation Era Advertising Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
8	Leo Holdings Hong Kong Limited	Confucius International CPA Limited, Certified Public Accountants	Confucius International CPA Limited, Certified Public Accountants	Confucius International CPA Limited, Certified Public Accountants
9	Leo Group Pump Technology Co., Ltd. . .	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	—
10	Shanghai Jujia Internet Technology Co., Ltd.	—	—	—
11	Shanghai Manku Advertising Co., Ltd. . .	Shanghai Qiuxin Certified Public Accountants Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
12	Shanghai Manku Internet Technology Co., Ltd.	Shanghai Qiuxin Certified Public Accountants Co., Ltd.	—	Shanghai Qiuxin Certified Public Accountants Co., Ltd.
13	Shanghai Arkr Advertising Co., Ltd. . . .	—	—	—
14	Shanghai Aosi Advertising Co., Ltd. . . .	—	—	—
15	Shanghai Dawang Era Information Technology Co., Ltd.	Beijing Zhongzhao International Certified Public Accountants Co., Ltd	Beijing Zhongzhao International Certified Public Accountants Co., Ltd	Beijing Zhongzhao International Certified Public Accountants Co., Ltd
16	Leo Advertising Communication Co., Ltd.	—	—	—

		Name of statutory auditors		
	Name of subsidiary	2023	2024	2025
17	Shanghai Liongate Semiconductor Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
18	Liongate Microelectronics (Wenling) Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP

The Company

Investments in subsidiaries

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	**7,875,998**	**8,004,833**	**8,147,488**

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	General equipment	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023							
Cost	748,890	784,583	31,720	112,475	167,434	24,699	1,869,801
Accumulated depreciation and impairment	(223,842)	(441,689)	(18,157)	(85,760)	—	(6,716)	(776,164)
Carrying amounts	**525,048**	**342,894**	**13,563**	**26,715**	**167,434**	**17,983**	**1,093,637**
Opening carrying amounts	525,048	342,894	13,563	26,715	167,434	17,983	1,093,637
Additions	784	84,757	1,684	12,980	164,596	354	265,155
Transfers from construction in progress	78,868	52,137	—	247	(131,252)	—	—
Transfers from investment property	38,363	—	—	—	—	—	38,363
Transfers to investment property	(23,186)	—	—	—	—	—	(23,186)
Disposals	—	(7,542)	(242)	(367)	—	—	(8,151)
Depreciation on transfers to investment property	5,987	—	—	—	—	—	5,987
Depreciation charges	(34,877)	(72,189)	(3,038)	(8,891)	—	(3,432)	(122,427)
Depreciation on transfers from investment property	(13,513)	—	—	—	—	—	(13,513)
Foreign currency translation differences	—	37	—	13	80	—	130
Closing carrying amounts	**577,474**	**400,094**	**11,967**	**30,697**	**200,858**	**14,905**	**1,235,995**
At December 31, 2023							
Cost	843,719	876,889	31,171	117,588	200,858	25,053	2,095,278
Accumulated depreciation and impairment	(266,245)	(476,795)	(19,204)	(86,891)	—	(10,148)	(859,283)
Carrying amounts	**577,474**	**400,094**	**11,967**	**30,697**	**200,858**	**14,905**	**1,235,995**

	Buildings	General equipment	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024							
Cost	843,719	876,889	31,171	117,588	200,858	25,053	2,095,278
Accumulated depreciation and impairment	(266,245)	(476,795)	(19,204)	(86,891)	—	(10,148)	(859,283)
Carrying amounts	**577,474**	**400,094**	**11,967**	**30,697**	**200,858**	**14,905**	**1,235,995**
Opening carrying amounts	577,474	400,094	11,967	30,697	200,858	14,905	1,235,995
Additions	42,079	108,388	2,226	10,168	161,925	3,874	328,660
Transfers from construction in progress	183,068	18,929	—	935	(202,932)	—	—
Transfer to intangible assets	—	—	—	—	(13,311)	—	(13,311)
Disposals and others	(487)	(13,956)	(1,319)	(2,285)	—	—	(18,047)
Depreciation charges	(45,665)	(84,329)	(2,918)	(7,386)	—	(5,277)	(145,575)
Foreign currency translation differences	—	9	—	(38)	—	—	(29)
Closing carrying amounts	**756,469**	**429,135**	**9,956**	**32,091**	**146,540**	**13,502**	**1,387,693**
At December 31, 2024							
Cost	1,067,680	934,885	28,199	117,261	146,540	28,927	2,323,492
Accumulated depreciation	(311,211)	(505,750)	(18,243)	(85,170)	—	(15,425)	(935,799)
Carrying amounts	**756,469**	**429,135**	**9,956**	**32,091**	**146,540**	**13,502**	**1,387,693**

	Buildings	General equipment	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025							
Cost	1,067,680	934,885	28,199	117,261	146,540	28,927	2,323,492
Accumulated depreciation	(311,211)	(505,750)	(18,243)	(85,170)	—	(15,425)	(935,799)
Carrying amounts	**756,469**	**429,135**	**9,956**	**32,091**	**146,540**	**13,502**	**1,387,693**
Opening carrying amounts	756,469	429,135	9,956	32,091	146,540	13,502	1,387,693
Additions	781	71,974	2,108	15,297	26,388	1,927	118,475
Transfers from construction in progress	166	45,676	—	819	(121,764)	75,103	—
Disposals and others	—	(7,192)	(1,163)	(929)	—	—	(9,284)
Depreciation charges	(51,748)	(90,876)	(2,918)	(10,312)	—	(7,243)	(163,097)
Foreign currency translation differences	—	—	—	200	—	—	200
Closing carrying amounts	**705,668**	**448,717**	**7,983**	**37,166**	**51,164**	**83,289**	**1,333,987**
At December 31, 2025							
Cost	1,068,627	1,025,007	28,577	131,639	51,164	105,957	2,410,971
Accumulated depreciation	(362,959)	(576,290)	(20,594)	(94,473)	—	(22,668)	(1,076,984)
Carrying amounts	**705,668**	**448,717**	**7,983**	**37,166**	**51,164**	**83,289**	**1,333,987**

(a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	20 years
General equipment	3–10 years
Motor vehicles	5 years
Other equipment	3–10 years
Leasehold improvements	Shorter of their useful lives and lease terms

See Note 45 for the other accounting policies relevant to property, plant and equipment.

(b) Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	66,015	71,405	89,288
General and administrative expenses	32,286	39,540	40,436
Research and development expenses	13,417	13,963	17,021
Selling and marketing expenses	2,677	2,407	2,797
Inventory	8,032	18,260	13,555
	122,427	**145,575**	**163,097**

The Group has pledged buildings and structures with carrying amount of approximately RMB83,903,000, RMB280,724,000 and RMB263,584,000 as at December 31 2023, 2024 and 2025, respectively to bank facility granted to the Group.

The Group has pledged Construction in progress with carrying amount of approximately RMB117,849,000, RMB68,867,000 and nil as at December 31 2023, 2024 and 2025, respectively to bank facility granted to the Group.

As at December 31, 2023, 2024 and 2025, the Group had no buildings and structures for which ownership certificate applications were pending.

19. LEASE

19.1 The Group as the lessee

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Land use right	225,796	220,231	214,660
Buildings	216,460	132,650	101,819
	442,256	**352,881**	**316,479**
Lease liabilities			
Current	35,802	22,904	29,096
Non-current	226,771	149,117	113,688
	262,573	**172,021**	**142,784**

(i) Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB4,061,000, RMB11,989,000 and RMB52,429,000, respectively.

(b) The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The discount rate used during the years ended December 31, 2023, 2024 and 2025, were ranged from 4.35%–4.65%, 2.80%–4.45% and 2.40%–4.35%.

(c) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flow contain the following amounts relating to leases:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets:			
— Land use right	4,724	5,567	5,570
— Buildings	37,200	30,207	31,794
	41,924	**35,774**	**37,364**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense (including in finance cost)	11,065	5,611	2,456
Expense relating to short-term and low value leases not included in lease liabilities	11,074	16,267	19,769
	22,139	**21,878**	**22,225**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB47,593,000, RMB55,997,000 and RMB58,465,000, respectively.

As a lessee, the Group leases properties, offices, and land use rights. Lease contracts typically have fixed terms, ranging from 2 to 15 years for properties and offices, and 50 years for land use rights. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 45 for the other accounting policies relevant to lease.

19.2 The Group as the lessor

(a) Operating Lease

(i) Lease Income

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease income	18,966	21,620	22,394

(ii) Assets leased out under operating leases

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment property	104,839	98,926	93,014
Right-of-use asset	37,489	8,713	3,191
Property, Plant and Equipment	—	811	58
	142,328	**108,450**	**96,263**

(iii) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	18,683	22,014	8,727
1 to 2 years	15,251	6,724	5,590
2 to 3 years	398	4,537	3,654
3 to 4 years	398	2,827	1,828
	34,730	**36,102**	**19,799**

20. INTANGIBLE ASSETS

	Software	Mining right	Non-patent technology	Software copyrights and domain name combination	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	40,047	—	30,005	199,640	3,883,114	4,152,806
Accumulated amortization and impairment	(27,718)	—	(30,005)	(186,264)	(3,538,615)	(3,782,602)
Carrying amounts	**12,329**	**—**	**—**	**13,376**	**344,499**	**370,204**
Year ended December 31, 2023						
Opening carrying amounts	12,329	—	—	13,376	344,499	370,204
Additions	11,636	15,682	—	—	—	27,318
Amortization charges	(5,438)	—	—	(6,131)	—	(11,569)
Foreign currency translation differences	(2)	—	—	—	—	(2)
Closing carrying amounts	**18,525**	**15,682**	**—**	**7,245**	**344,499**	**385,951**
At December 31, 2023						
Cost	51,666	15,682	30,005	199,640	3,883,114	4,180,107
Accumulated amortization and impairment	(33,141)	—	(30,005)	(192,395)	(3,538,615)	(3,794,156)
Carrying amounts	**18,525**	**15,682**	**—**	**7,245**	**344,499**	**385,951**

	Software	Mining right	Non-patent technology	Software copyrights and domain name combination	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024						
Cost	51,666	15,682	30,005	199,640	3,883,114	4,180,107
Accumulated amortization and impairment	(33,141)	—	(30,005)	(192,395)	(3,538,615)	(3,794,156)
Carrying amounts	**18,525**	**15,682**	**—**	**7,245**	**344,499**	**385,951**
Year ended December 31, 2024						
Opening carrying amounts	18,525	15,682	—	7,245	344,499	385,951
Additions	19,546	1,691	—	—	—	21,237
Disposals	(89)	—	—	—	—	(89)
Amortization charges	(8,725)	(673)	—	(5,817)	—	(15,215)
Closing carrying amounts	**29,257**	**16,700**	**—**	**1,428**	**344,499**	**391,884**
At December 31, 2024						
Cost	71,107	17,373	30,005	199,640	3,883,114	4,201,239
Accumulated amortization and impairment	(41,850)	(673)	(30,005)	(198,212)	(3,538,615)	(3,809,355)
Carrying amounts	**29,257**	**16,700**	**—**	**1,428**	**344,499**	**391,884**

	Software	Mining right	Non-patent technology	Software copyrights and domain name combination	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025						
Cost	71,107	17,373	30,005	199,640	3,883,114	4,201,239
Accumulated amortization and impairment	(41,850)	(673)	(30,005)	(198,212)	(3,538,615)	(3,809,355)
Carrying amounts	**29,257**	**16,700**	**—**	**1,428**	**344,499**	**391,884**
Year ended December 31, 2025						
Opening carrying amounts	29,257	16,700	—	1,428	344,499	391,884
Additions	10,558	490	—	—	—	11,048
Disposals	(42)	—	—	—	—	(42)
Amortization charges	(9,531)	(696)	—	(1,428)	—	(11,655)
Foreign currency translation differences	(42)	—	—	—	—	(42)
Closing carrying amounts	**30,200**	**16,494**	**—**	**—**	**344,499**	**391,193**
At December 31, 2025						
Cost	81,600	17,863	30,005	199,640	3,883,114	4,212,222
Accumulated amortization and impairment	(51,400)	(1,369)	(30,005)	(199,640)	(3,538,615)	(3,821,029)
Carrying amounts	**30,200**	**16,494**	**—**	**—**	**344,499**	**391,193**

(a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	10,568	13,996	9,593
Cost of revenue	—	132	1,139
Research and development expenses	281	423	882
Selling and marketing expenses	49	49	41
	10,898	**14,600**	**11,655**

(b) Amortization Methods and Periods

(i) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

(ii) Mining rights

Acquired mining rights are capitalized on the basis of the costs incurred to acquire the specific mining rights.

(iii) Non-patent technologies

Non-patent technologies are initially recognized at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses.

(iv) Software copyrights and domain name combinations

Software copyrights and domain name portfolios are initially recognized at fair value upon acquisition and subsequently measured at cost less accumulated amortization and impairment losses.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	5 years
Mining rights	25 years
Non-patent technologies	8 years
Software copyrights and domain name combinations	10 years

(c) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amounts of goodwill allocated to the cash generating units or group of cash generating units ("**CGU**" or "**CGUs**") are as follows:

	Opening	**Addition**	**Impairment**	**Closing**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Leo Digital Platform *(i)*	344,499	—	—	344,499
	344,499	—	—	344,499
Year ended December 31, 2024				
Leo Digital Platform *(i)*	344,499	—	—	344,499
	344,499	—	—	344,499
Year ended December 31, 2025				
Leo Digital Platform *(i)*	344,499	—	—	344,499
	344,499	—	—	344,499

(i) The goodwill is generated from business combination of Leo Digital Platform. Management regards Leo Digital Platform as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

The recoverable amount is determined based on Value in Use, the following table sets out the key assumptions for these CGUs that have goodwill allocated to them, where the group used five-year period as the projection period for the cash flow forecast:

Year ended December 31, 2023

	Leo Digital Platform
Revenue annual growth rates	4.98% to 7.34%
Operating profit margin	(23.22%) to 17.04%
Perpetual annual growth rates	0.00%
Pre-tax discount rates	12.31%

Year ended December 31, 2024

	Leo Digital Platform
Revenue annual growth rates	4.04% to 12.24%
Operating profit margin	6.00% to 36.00%
Perpetual annual growth rates	0.00%
Pre-tax discount rates	13.24%

Year ended December 31, 2025

	Leo Digital Platform
Revenue annual growth rates	6.02% to 19.7%
Operating profit margin	1.41% to 2.14%
Perpetual annual growth rates	0.00%
Pre-tax discount rates	13.70%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determine values**
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.

Assumption	Approach used to determine values
Operating profit margin	Based on past performance and management's expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the weighted average cost of capital ("**WACC**") method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

Sensitivity analysis has been performed based on the assumptions that revenue annual growth rates, operating profit margin and pre-tax discount rates has been changed. Had the estimated key assumptions during the forecast period been changed as shown below, while other parameters remain constant, the headroom of the CGUs would be as follows:

For Leo Digital CGU

	As at December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Average revenue annual growth rate decreased by 0.5%	10,000	10,000	9.700
Operating profit margin decreased by 0.5%	40,000	50,000	23,900
Pre-tax discount rate increased by 0.5%	10,000	20,000	18,600

Based on the results of impairment test as at December 31, 2023, 2024 and 2025 the recoverable amount of Leo Digital CGU is significantly above the carrying amount of the Group. Management of the Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

(e) Impact of possible changes in key assumptions

Based on management's assessment on the recoverable amounts, the headroom of these CGUs as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Leo Digital Platform	71,461	14,436	36,437

The recoverable amounts of the CGUs would equal their carrying amounts if the key assumptions were to change as follows:

For Leo Digital CGU

	As at December 31,		
	2023	**2024**	**2025**
Revenue annual growth rates	(1.06%)	(0.22%)	(2.04%)
Operating profit margin	(2.43%)	(0.38%)	(0.83%)
Pre-tax discount rates	2.45%	0.37%	1.09%

21. INVESTMENT PROPERTIES

(a) Investment property

	Buildings	**Land use of right**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	137,743	7,543	145,286
Accumulated amortization	(17,878)	(2,165)	(20,043)
Carrying amounts	**119,865**	**5,378**	**125,243**
Year ended December 31, 2023			
Opening carrying amounts	119,865	5,378	125,243
Transferred from property, plant and equipment	23,186	—	23,186
Transferred from right-of-use asset	—	4,741	4,741
Transferred to property, plant and equipment/right-of-use asset *(i)*	(38,363)	(7,843)	(46,206)
Amortization charges	(10,005)	(910)	(10,915)
Depreciation transferred from property, plant and equipment	(5,987)	(924)	(6,911)
Depreciation transferred to property, plant and equipment	13,513	2,188	15,701
Closing carrying amounts	**102,209**	**2,630**	**104,839**
At December 31, 2023			
Cost	122,566	4,441	127,007
Accumulated amortization	(20,357)	(1,811)	(22,168)
Carrying amounts	**102,209**	**2,630**	**104,839**

	Buildings	Land use of right	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024			
Cost	122,566	4,441	127,007
Accumulated amortization	(20,357)	(1,811)	(22,168)
Carrying amounts	**102,209**	**2,630**	**104,839**
Year ended December 31, 2024			
Opening carrying amounts	102,209	2,630	104,839
Amortization charges	(5,824)	(89)	(5,913)
Closing carrying amounts	**96,385**	**2,541**	**98,926**
At December 31, 2024			
Cost	122,566	4,441	127,007
Accumulated amortization	(26,181)	(1,900)	(28,081)
Carrying amounts	**96,385**	**2,541**	**98,926**

	Buildings	Land use of right	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025			
Cost	122,566	4,441	127,007
Accumulated amortization	(26,181)	(1,900)	(28,081)
Carrying amounts	**96,385**	**2,541**	**98,926**
Year ended December 31, 2025			
Opening carrying amounts	96,385	2,541	98,926
Amortization charges	(5,823)	(89)	(5,912)
Closing carrying amounts	**90,562**	**2,452**	**93,014**
At December 31, 2025			
Cost	122,566	4,441	127,007
Accumulated amortization	(32,004)	(1,989)	(33,993)
Carrying amounts	**90,562**	**2,452**	**93,014**

Except for freehold land, the investment properties are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	20 years

See Note 45 for the other accounting policies relevant to investment properties

(i) Properties held by the Company for the purpose of earning rental income, achieving capital appreciation, or both are presented as investment property. When there is a change in the use of such held properties, the Company shall reclassify the investment property to property, plant and equipment.

(b) Fair Value Disclosure

For disclosure purpose, the fair value of the investment properties as at December 31, 2025 was approximately RMB239,917,000 and fair value hierarchy is as below:

Description	Valuation Technique	Significant unobservable input	Range of significant unobservable input
Property unit located in China	Income Capitalization Approach (level 3)	Prevailing market rents	RMB124,000 to RMB1,947,000 per unit per year
		Capitalization rates	2.42%

22. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVOCI *(Note 16)*	87,281	88,999	60,229
Financial assets at FVTPL *(Note 28)*	7,333,545	7,883,612	7,351,624
Financial assets measured at amortized cost:			
Trade and notes receivables *(Note 24)*	6,558,026	5,707,492	5,759,264
Restricted cash *(Note 29)*	1,651,528	1,160,379	673,480
Cash and cash equivalents *(Note 29)*	3,296,882	1,144,331	1,912,583
Other receivables *(Note 25)*	275,268	221,627	242,618
	11,781,704	8,233,829	8,587,945
	19,202,530	16,206,440	15,999,798

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities at FVTPL *(Note 28)*	47,177	8,087	1,416
Financial liabilities measured at amortized cost:			
Trade and notes payables *(Note 31)*	3,693,315	3,078,936	2,905,784
Accruals and other payables (excluding non-financial liabilities) *(Note 32)*	151,326	167,124	122,837
Lease liabilities *(Note 19)*	262,573	172,021	142,784
Borrowings *(Note 30)*	3,646,884	2,749,831	2,762,013
Other current liabilities *(Note 34)*	1,162	23,920	6,902
	7,755,260	6,191,832	5,940,320
	7,802,437	6,199,919	5,941,736

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVOCI *(Note 16)*	7,338	—	152
Financial assets at FVTPL *(Note 28)*	1,131,839	1,103,326	646,307
Financial assets measured at amortized cost:			
Trade and notes receivables *(Note 24)*	13,211	9,312	7,246
Cash and cash equivalents *(Note 29)*	17,456	33,570	253,582
Other receivables *(Note 25)*	793,201	1,464,462	814,448
	823,868	1,507,344	1,075,276
	1,963,045	**2,610,670**	**1,721,735**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade and notes payables *(Note 31)*	78,353	54,959	41,141
Accruals and other payables (excluding non-financial liabilities) *(Note 32)*	828,209	2,377,281	1,232,325
Borrowings *(Note 30)*	265,262	126,104	504,365
	1,171,824	**2,558,344**	**1,777,831**

23. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	433,383	420,872	424,107
Offsetting against deferred tax liabilities	(53,745)	(32,773)	(24,421)
Net deferred tax assets	**379,638**	**388,099**	**399,686**
Gross deferred tax liabilities	2,062,914	1,864,310	1,822,175
Offsetting against deferred tax assets	(53,745)	(32,773)	(24,421)
Net deferred tax liabilities	**2,009,169**	**1,831,537**	**1,797,754**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

The Group

	Tax losses	Provisions	Government grants	Unrealized internal profits	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	5,113	181,711	56,917	1,249	72,585	79,034	396,609
Credited/(debited) to profit or loss *(Note 12)*	86	72,228	(6,478)	2,692	(7,172)	(24,582)	36,774
At December 31, 2023	**5,199**	**253,939**	**50,439**	**3,941**	**65,413**	**54,452**	**433,383**
At January 1, 2024	5,199	253,939	50,439	3,941	65,413	54,452	433,383
Credited/(debited) to profit or loss *(Note 12)*	(2,607)	27,908	(2,947)	(2,536)	(23,815)	(8,514)	(12,511)
At December 31, 2024	**2,592**	**281,847**	**47,492**	**1,405**	**41,598**	**45,938**	**420,872**
At January 1, 2025	2,592	281,847	47,492	1,405	41,598	45,938	420,872
Credited/(debited) to profit or loss *(Note 12)*	78,902	(52,824)	(3,139)	(226)	(6,951)	(12,527)	3,235
At December 31, 2025	**81,494**	**229,023**	**44,353**	**1,179**	**34,647**	**33,411**	**424,107**

The Company

	Provisions	Government grants	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	8,631	51,099	15,728	75,458
Credited/(debited) to profit or loss	455	(5,932)	2,485	(2,992)
At December 31, 2023	**9,086**	**45,167**	**18,213**	**72,466**
At January 1, 2024	9,086	45,167	18,213	72,466
Credited/(debited) to profit or loss	244	(5,843)	427	(5,172)
At December 31, 2024	**9,330**	**39,324**	**18,640**	**67,294**
At January 1, 2025	9,330	39,324	18,640	67,294
Credited/(debited) to profit or loss	(3,117)	(4,945)	1,385	(6,677)
At December 31, 2025	**6,213**	**34,379**	**20,025**	**60,617**

(b) Deferred Tax Liabilities

The Group

	Right of use assets	Accelerated tax depreciation	Fair value changes of financial assets	Fair value changes of share repurchase	Gains on disposal of overseas equity interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	63,085	16,275	542,618	24,469	820,406	1,466,853
Debited/(credited) to profit or loss *(Note 12)*	(9,339)	3,899	172,023	—	429,478	596,061
At December 31, 2023	**53,746**	**20,174**	**714,641**	**24,469**	**1,249,884**	**2,062,914**
At January 1, 2024	53,746	20,174	714,641	24,469	1,249,884	2,062,914
Debited/(credited) to profit or loss *(Note 12)*	(20,972)	4,872	(348,774)	—	166,270	(198,604)
At December 31, 2024	**32,774**	**25,046**	**365,867**	**24,469**	**1,416,154**	**1,864,310**
At January 1, 2025	32,774	25,046	365,867	24,469	1,416,154	1,864,310
Debited/(credited) to profit or loss *(Note 12)*	(8,353)	73	(88,968)	—	53,497	(43,751)
Debited/(credited) to other comprehensive income	—	—	1,616	—	—	1,616
At December 31, 2025	**24,421**	**25,119**	**278,515**	**24,469**	**1,469,651**	**1,822,175**

The Company

	Fair value changes of share repurchase
	RMB'000
At January 1, 2023	24,469
Debited/(credited) to profit or loss	—
At December 31, 2023	**24,469**
At January 1, 2024	24,469
Debited/(credited) to profit or loss	—
At December 31, 2024	**24,469**
At January 1, 2025	24,469
Debited/(credited) to profit or loss	—
At December 31, 2025	**24,469**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were not likely to generate taxable profit:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	205,837	301,934	252,901
Deductible temporary differences	64,845	73,895	71,920
	270,682	**375,829**	**324,821**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2024	64,845	—	—
2025	46,416	96,098	—
2026	23,492	64,845	81,156
2027	36,992	46,416	64,845
2028	20,480	23,492	46,416
2029	13,612	36,992	23,492
2030	—	34,091	36,992
	205,837	**301,934**	**252,901**

24. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivables	447,077	20,538	11,062
Trade receivables	7,216,548	6,884,339	6,660,109
Less: credit loss allowance	(1,105,599)	(1,197,385)	(911,907)
	6,558,026	**5,707,492**	**5,759,264**

(a) As at January 1, 2023, the carrying amounts of trade and notes receivables from contracts with customers is amounting to RMB5,845,351,000 (net of expected credit loss amounting to RMB761,876,000).

(b) The Group grants credit terms to some customers ranging from 30 to 90 days from the date of billing or delivery of goods or the provision of services. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,954,956	5,332,295	5,303,649
1 to 2 years	532,817	758,762	484,662
2 to 3 years	456,031	227,635	564,262
3 to 4 years	85,979	346,877	139,982
4 to 5 years	137,786	71,222	58,264
Over 5 years	48,979	147,548	109,290
	7,216,548	**6,884,339**	**6,660,109**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	46,400	37,774	24,894
Less: credit loss allowance	(33,189)	(28,462)	(17,648)
	13,211	**9,312**	**7,246**

The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	997	7,408	5,629
1 to 2 years	2,340	612	1,845
2 to 3 years	14,510	2,126	73
3 to 4 years	1,938	6,512	1,520
4 to 5 years	25,132	1,214	6,287
Over 5 years	1,483	19,902	9,540
	46,400	**37,774**	**24,894**

25. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments:			
Prepayments for acquisition of machinery and equipment	57,091	18,818	10,396
Prepayments for acquisition of other assets	17,714	25,881	46,574
	74,805	**44,699**	**56,970**
Current:			
Prepayments:			
Prepayments for operating expenses	11,149	20,730	18,075
Prepayments for raw materials	151,173	94,422	45,302
Prepayments for procurement of media resources	226,186	388,975	438,317
	388,508	**504,127**	**501,694**
Other receivables:			
Deposits and warranties	241,380	186,375	209,471
Receivables and temporary payments	34,312	49,964	45,400
Investment prepayments	34,661	27,321	29,661
Petty cash	21,816	25,018	20,933
Others	7,944	6,844	9,069
Less: provision for impairment	(64,845)	(73,895)	(71,916)
	275,268	**221,627**	**242,618**
	663,776	**725,754**	**744,312**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayments for operating expenses	1,071	3,462	474
Prepayments for raw materials	—	—	360
	1,071	**3,462**	**834**
Other receivables:			
Investment prepayments	24,661	24,661	24,661
Inter-entity receivables	791,999	1,462,478	813,161
Deposits and warranties	7,963	7,963	8,029
Receivables and temporary payments	2,049	3,242	2,642
Petty cash	710	710	710
Others	1,564	1,174	855
Less: provision for impairment	(35,745)	(35,766)	(35,610)
	793,201	1,464,462	814,448
	794,272	**1,467,924**	**815,282**

26. OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current assets			
Deductible input VAT	399,685	452,129	390,862
Prepaid corporate income tax	27,758	27,207	18,206
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Less: provision for impairment	—	—	—
	427,443	**479,336**	**423,686**
Other non-current assets			
Factory maintenance and landscaping expenses	11,383	2,722	2,013
Software usage fees	6,465	3,798	7,077
Others	7,386	10,645	55,921
	25,234	**17,165**	**65,011**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current assets			
Deductible input VAT	1,447	1,255	—
Prepaid corporate income tax	15,761	15,760	15,761
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	17,208	**17,015**	**30,379**

27. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	164,909	118,693	86,213
Work in progress	269,001	189,473	157,456
Finished goods	412,566	545,950	435,633
Consigned processing materials	10,537	19,009	20,410
Packaging materials	5,069	1,158	1,269
Others	3,137	6,262	6,154
Less: provision for impairment	(23,160)	(18,154)	(26,978)
	842,059	**862,391**	**680,157**

(i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. For the years ended December 31, 2023, 2024 and 2025, the cost of inventories carried forward to the cost of revenue amounted to approximately RMB2,928,585,000, RMB3,526,932,000 and RMB2,753,932,000, respectively.

(ii) Provision for inventories recorded as cost of revenue during the years ended December 31, 2023, 2024 and 2025 were RMB14,582,000, RMB6,570,000 and RMB22,148,000, respectively.

(iii) The written off of provisions for inventories during the years ended December 31, 2023, 2024 and 2025 were RMB10,634,000, RMB11,575,000 and RMB13,324,000, respectively.

28. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group and the Company classifies the following financial assets at fair value through profit or loss (FVTPL):

Equity investments that are held for trading, and equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets mandatorily measured at FVTPL include the following:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Equity investments on listed entities	3,140,512	1,688,026	1,255,738
Equity investments on unlisted entities	974,401	884,626	418,121
Equity investment on funds	1,176,212	1,196,672	1,127,155
	5,291,125	**3,769,324**	**2,801,014**
Current assets			
Equity investments on listed entities	10,797	78,480	83,223
Derivative financial assets	—	372,642	8,451
Equity investment on funds	2,031,623	3,663,166	4,458,936
	2,042,420	**4,114,288**	**4,550,610**
Current liabilities			
Derivative financial liabilities	47,177	8,087	1,416

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Equity investments on unlisted entities	621,141	601,142	232,148
Equity investment on funds	473,840	465,978	414,159
	1,094,981	1,067,120	646,307
Current assets			
Equity investment on funds	36,858	36,206	—

(ii) Amounts recognized in profit or loss

During the year, the following gains/(losses) were recognized in profit or loss:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains/(losses) on financial assets at FVTPL *(Note 7)*	1,302,569	(864,960)	(174,942)
Fair value gains (losses) on financial liabilities instruments at FVTPL *(Note 7)*	(47,177)	(8,087)	5,712
	1,255,392	(873,047)	(169,230)

29. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	4,948,410	2,304,710	2,586,063
Less: restricted cash *(i)(ii)*	(1,651,528)	(1,160,379)	(673,480)
Cash and cash equivalents	**3,296,882**	**1,144,331**	**1,912,583**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	17,456	33,570	253,582
Less: restricted cash *(ii)*	—	—	—
Cash and cash equivalents	**17,456**	**33,570**	**253,582**

(i) As at December 31, 2023, 2024 and 2025, the Group's bank deposits amounting to RMB1,641,765,000, RMB1,142,373,000 and RMB664,376,000 were pledged as a guarantee for the bank acceptance notes and letters of guarantees granted to the Group

(ii) Restricted cash mainly consist of cash pledged to secure pledged borrowing, and deposits frozen or required to be retained by banks in connection with the issuance of bank acceptance notes.

As at December 31, 2023, 2024 and 2025, another RMB9,763,000, RMB18,006,000 and RMB9,104,000 deposits placed with banks were temporarily frozen for pending litigations.

(b) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,954,654	712,280	1,188,157
USD	2,973,569	1,557,908	1,365,727
Others	20,187	34,522	32,179
	4,948,410	2,304,710	2,586,063

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
RMB	17,456	33,570	253,582
	17,456	33,570	253,582

30. BORROWINGS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Bank borrowings			
— Secured	84,466	132,708	97,068
Corporate bonds	202,520	213,378	224,192
	286,986	346,086	321,260
Current			
Bank borrowings			
— Secured	3,359,898	2,403,745	1,554,400
— Unsecured	—	—	886,353
	3,359,898	2,403,745	2,440,753

(a) As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was ranged from 2.70% to 3.65%, 2.24% to 3.25% and 1.95% to 3.20%, respectively.

As at December 31, 2023, 2024 and 2025, the annual interest rate of long-term borrowings was ranged from 3.00% to 3.20%, 2.89% to 3.20% and 2.5% to 2.60%, respectively.

(b) As at December 31, 2023, secured bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB1,190,911,000 guaranteed by the Company; (ii) borrowings with a principal equivalent to approximately RMB382,688,000 guaranteed by the Company's subsidiaries; (iii) borrowings with a principal equivalent to approximately RMB40,060,000 guaranteed by Mr. Wang Xiangrong; (iv) borrowings with a principal equivalent to approximately RMB97,095,000 by mortgage fixed assets and guaranteed by the Company's subsidiaries; (v) borrowings with a principal equivalent to approximately RMB1,057,037,000 pledged by security deposits from the Company's subsidiaries; (vi) borrowings with a principal equivalent to approximately RMB495,737,000 pledged by the Company's subsidiaries notes receivable; (vii) borrowings with a principal equivalent to approximately RMB180,836,000 pledged by accounts receivable from the Company's subsidiaries.

The guarantees provided to the Group by the ultimate controlling shareholders, Mr. Wang Xiangrong, were released in 2024.

As at December 31, 2024, secured bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB1,057,755,000 guaranteed by the Company; (ii) borrowings with a principal equivalent to approximately RMB126,104,000 guaranteed by the Company's subsidiaries; (iii) borrowings with a principal equivalent to approximately RMB2,000,000 jointly guaranteed by the Company's subsidiaries and a subsidiary's shareholder; (iv) borrowings with a principal equivalent to approximately RMB153,181,000 mortgage by fixed assets and guaranteed by the Company's subsidiaries; (v) borrowings with a principal equivalent to approximately RMB32,070,000 pledged by trademark rights and guaranteed by the Company's subsidiaries; (vi) borrowings with a principal equivalent to approximately RMB36,386,000 pledged by notes receivable and guaranteed by the Company's subsidiaries; (vii) borrowings with a principal equivalent to approximately RMB100,090,000 pledged by accounts receivable and guaranteed by the Company's subsidiaries; (viii) borrowings with a principal equivalent to approximately RMB1,025,531,000 pledged by security deposits from the Company's subsidiaries; (ix) borrowings with a principal equivalent to approximately RMB3,336,000 pledged by notes receivable and guaranteed by the Company's subsidiaries.

As at December 31, 2025, secured bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB1,004,171,000 guaranteed by the Company; (ii) borrowings with a principal equivalent to approximately RMB236,000,000 guaranteed by Company's subsidiaries; (iii) borrowings with a principal equivalent to approximately RMB200,000,000 pledged by security deposits from the Company's subsidiary; (iv) borrowings with a principal equivalent to approximately RMB131,015,000 secured by fixed assets and guaranteed by the Company; (v) borrowings with a principal equivalent to approximately RMB3,000,000 guaranteed by subsidiary's director; (vi) borrowings with a principal equivalent to approximately RMB3,000,000 guaranteed by subsidiary's shareholder; (vii) borrowings with a principal equivalent to approximately RMB5,000,000 guaranteed by subsidiary's shareholder and Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs (上海市中小微企業政策性融資擔保基金管理中心); (viii) borrowings with a principal equivalent to approximately RMB8,000,000 guaranteed by subsidiary's shareholder, the Company's subsidiary and Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs; (ix) borrowings with a principal equivalent to approximately RMB61,282,000 pledged by notes receivables and trade receivables.

The guarantees provided to the Group by the subsidiaries' shareholders is scheduled to be released by December 2026 upon the repayment of the borrowings.

(c) As at December 31, 2023, 2024 and 2025, the Group's borrowings were repayable as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,359,898	2,403,745	2,440,753
Between 1 and 2 years	23,451	34,308	—
Between 2 and 5 years	42,265	83,025	97,068
Over 5 years	18,750	15,375	—
	3,444,364	**2,536,453**	**2,537,821**

As at December 31, 2023, 2024 and 2025, the Group's corporate bonds were repayable as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Between 2 and 5 years	—	213,378	224,192
Over 5 years	202,520	—	—
	202,520	**213,378**	**224,192**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank borrowings			
— Secured	265,262	126,104	36,027
— Unsecured	—	—	468,338
	265,262	**126,104**	**504,365**

As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was 3.20%, ranged from 2.70% to 3.00% and 2.35% to 2.70%, respectively.

(d) Corporate bonds

As at December 31, 2023, the details of the Group's corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortization	Redemption	Within one year	After one year
2023 Shimen Microelectronics (Wenling) Private Corporate Bonds (2023獅門微電子私募公司債)	200,000	4.50%	2023/7/31	5 years	200,000	193,369	–	9,000	151	–	–	202,520

As at December 31, 2024, the details of the Group's corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortization	Redemption	Within one year	After one year
2023 Shimen Microelectronics (Wenling) Private Corporate Bonds (2023獅門微電子私募公司債)	200,000	4.50%	2023/7/31	5 years	200,000	202,520	—	9,000	1,858	—	—	213,378

As at December 31, 2025, the details of the Group's corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accured interest	Premium discount amortisation	Redemption	Within one year	After one year
2023 Shimen Microelectronics (Wenling) Private Corporate Bonds (2023獅門微電子私募公司債)	200,000	4.50%	2023/7/31	5 years	200,000	213,378	—	9,000	1,814	—	—	224,192

(e) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

31. TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
— Trade payables	3,001,565	2,444,668	2,403,137
— Notes payables	691,750	634,268	502,647
	3,693,315	**3,078,936**	**2,905,784**

(a) As at December 31, 2023, 2024 and 2025, trade payables include payables for construction and equipment amounting to RMB42,852,000, RMB87,977,000 and RMB33,451,000.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,902,359	2,350,736	2,276,964
1 to 2 years	53,938	40,561	90,749
2 to 3 years	21,533	16,121	5,179
Over 3 years	23,735	37,250	30,245
	3,001,565	**2,444,668**	**2,403,137**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
— Trade payables	**78,353**	**54,959**	**41,141**

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	6,592	4,487	1,019
1 to 2 years	28,873	3,110	2,855
2 to 3 years	42,300	21,248	1,724
Over 3 years	588	26,114	35,543
	78,353	**54,959**	**41,141**

32. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	194,998	213,680	192,415
Accrued Expenses Payable	88,001	98,169	72,672
Deposits payables	37,042	38,298	31,662
Taxes other than income tax payables	32,137	39,064	49,166
Others	26,283	30,657	18,503
	378,461	**419,868**	**364,418**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Related party balances	825,890	2,338,509	1,222,580
Payables for equity acquisition	—	35,000	—
Taxes other than income tax payables	103	1,964	9,121
Salaries, wages and benefits	1,780	1,049	909
Others	2,319	3,772	9,745
	830,092	**2,380,294**	**1,242,355**

33. PROVISIONS

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Service warranties *(i)*	12,240	14,119	14,384
Legal claim *(ii)*	9,763	9,345	6,807
	22,003	**23,464**	21,191

(i) Product warranty provisions are recognized by industrial pump manufacturers. Pursuant to the provisions for free maintenance set out in the sales contracts with customers, these entities accrue product maintenance expenses at a certain percentage of the sales revenue derived from transactions that include quality assurance clauses.

(ii) As a result of certain customers of the Company being involved in litigation disputes and other relevant circumstances, the court has issued property preservation orders, leading to the cumulative freezing of the Company's bank deposits in the amounts of RMB9,763,000, RMB18,006,000 and RMB9,104,000 as of the end of 2023, 2024 and 2025, respectively. As the litigation disputes related to the aforesaid customers remain under judicial proceedings, the frozen bank deposits have not yet been unfrozen. Considering that the aforesaid frozen bank deposits are not expected to be recoverable, The Company recognized provisions of RMB9,763,000, RMB9,345,000 and RMB6,807,000 as of year-end 2023, 2024 and 2025, respectively.

34. OTHER CURRENT LIABILITIES

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current liabilities:			
Other tax to be recognized	42,683	38,611	34,084
Recourse obligations *(i)*	1,162	23,920	6,902
	43,845	**62,531**	**40,986**

(i) The Group settled part of its trade payables by endorsing notes receivables or supply chain financing notes to the suppliers. Given that the suppliers retain the right to demand payment from the Group if the notes issuer or a prior holder fails to pay the notes, this created a recourse obligations to the Group.

35. DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	**229,930**	**209,397**	200,000

The movements of deferred income for the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	248,633	229,930	209,397
Grants received during the year	10,036	8,087	20,310
Amounts released to profit or loss during the year	(28,739)	(28,620)	(29,707)
At the end of the year	**229,930**	**209,397**	200,000

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	**180,669**	**157,293**	**137,514**

36. SHARE CAPITAL

The Group and The Company

	Year ended December 31,					
	2023		2024		2025	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year	6,754,804	6,754,804	6,767,239	6,767,239	6,771,779	6,771,779
Issuance of Shares	12,435	12,435	4,540	4,540	—	—
At the end of the year	**6,767,239**	**6,767,239**	**6,771,779**	**6,771,779**	**6,771,779**	**6,771,779**

(i) In accordance with the equity incentive plan approved at the second extraordinary general meeting of the Company held on May 10, 2022, the first tranche of the equity incentive for the 2023, 2024 and 2025 financial years has been completed. The Company issued 12,435,000, 4,540,000 and nil new shares to employees respectively for the implementation of the equity incentive plan.

37. TREASURY SHARES

The Group and The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	—	—	(400,400)
(Repurchase)/sales of shares	—	(400,400)	60,441
At the end of the year	**—**	**(400,400)**	(339,959)

Pursuant to the "Proposal on the Scheme for Repurchasing the Company's Shares" deliberated and approved at the fifth meeting of the seventh session of the Board of Directors held on June 14, 2024, the Company is authorized to repurchase part of its issued and listed Renminbi ordinary shares (A shares) through centralized competitive bidding transactions using overraised funds and own funds.

For the period from January to December 2024, the Company repurchased 278,236,000 shares through centralized competitive bidding transactions, with an amount of RMB400,400,000 recognized as treasury shares.

In accordance with the "Resolution on the Share Repurchase and Centralized Bidding Reduction Plan" approved at the 17th Meeting of the Seventh Board of Directors held on 15 October 2025, the Company was authorized to reduce its repurchased shares via centralized bidding by up to 135,435,000 shares.

As of December 31, 2025, the Company had cumulatively reduced 42,000,000 repurchased shares through centralized bidding transactions, resulting in a corresponding decrease in treasury share costs amounting to RMB60,441,000.

38. SHARE INCENTIVE SCHEME

Share Option Incentive Plans

Pursuant to the "Leo Group Co., Ltd. 2022 Share Option Incentive Plan Draft" (《利歐集團股份有限公司2022年股票期權激勵計劃草案》) reviewed and approved at the 2022 Second Interim Shareholders' Meeting, the company initially granted 131,445,700 share options to 624 incentive recipients on the grant date June 10, 2022. This scheme is equity-settled share-based payments with exercise price of RMB1.55.

On October 26, 2022, the company convened the 14th meeting of the 6th Board of Directors, which reviewed and passed the "Proposal on Granting Part of Reserved Share Options to Incentive Recipients," (《關於向激勵對象授予部分預留股票期權的議案》) granting 11,775,900 reserved share options to 148 incentive recipients on the grant date October 26, 2022. This scheme is equity-settled share-based payments with exercise price of RMB1.55.

In accordance with the "Proposal on Granting Part of the Reserved Share Options to Incentive Recipients" (《關於向激勵對象授予部分預留股票期權的議案》), which has been reviewed and approved by the 6th Session of the Company's Board of Directors, the Company grant 20,023,000 reserved share options to 137 incentive recipients on the grant date April 28, 2023. This scheme is equity-settled share-based payments with exercise price of RMB1.55.

If the grantees of the share option incentives are employees at the group level to whom the initially granted share options and the reserved share options (if granted on or before the disclosure date of the 2022 Third Quarter Report, inclusive) are awarded, the share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal. i) 20% of granted options are vested within 12 to 24 months from the vesting commencement date and the adjusted net profit of the Group for 2022 reach at least 432 million. ii) 20% of granted options are vested within 24 to 36 months from the vesting commencement date and the adjusted net profit of the Group for 2023 reach at least 511 million. iii) 30% of granted options are vested within 36 to 48 months from the vesting commencement date and the adjusted net profit of the Group for 2024 reach at least 620 million. iv) 30% of granted options are vested within 48 to 60 months from the vesting commencement date and the adjusted net profit of the Group for 2025 reach at least 759 million.

If the grantees of the share option incentives are employees at segment of Internet advertising level to whom the initially granted share options and the reserved share options (if granted on or before the disclosure date of the 2022 Third Quarter Report, inclusive) are awarded, the share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal. i) 20% of granted options are vested within 12 to 24 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2022 reach at least 190 million. ii) 20% of granted options are vested within 24 to 36 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2023 reach at least 210 million. iii) 30% of granted options are vested within 36 to 48 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2024 reach at least 240 million. iv) 30% of granted options are vested within 48 to 60 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2025 reach at least 280 million.

If the grantees of the share option incentives are employees at segment of Internet advertising level to whom the reserved share options (if granted after the disclosure date of the 2022 Third Quarter Report, exclusive) are awarded, the share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal. i) 30% of granted options are vested within 12 to 24 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2023 reach at least 210 million. ii) 30% of granted options are vested within 24 to 36 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2024 reach at least 240 million. iii) 40% of granted options are vested within 36 to 48 months from the vesting commencement date and the adjusted net profit of Leo Group Digital Technology Co., Ltd. for 2025 reach at least 280 million.

If the grantees of the share option incentives are employees at segment of Machinery manufacturing industry level to whom the initially granted share options and the reserved share options (if granted on or before the disclosure date of the 2022 Third Quarter Report, inclusive) are awarded, the share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal. i) 20% of granted options are vested within 12 to 24 months from the vesting commencement date and the adjusted net profit and revenue of Leo Group Pump Co., Ltd. for 2022 reach at least 300 million and 4,200 million respectively . ii) 20% of granted options are vested within 24 to 36 months from the vesting commencement date and the adjusted net profit and revenue of Leo Group Pump Co., Ltd. for 2023 reach at least 360 million and 5,050 million respectively. iii) 30% of granted options are vested within 36 to 48 months from the vesting commencement date and the adjusted net profit and revenue of Leo Group Pump Co., Ltd. for 2024 reach at least 440 million and 6,000 million respectively. iv) 30% of granted options are vested within 48 to 60 months from the vesting commencement date and the adjusted net profit and revenue of Leo Group Pump Co., Ltd. for 2025 reach at least 540 million and 7,250 million respectively.

If the grantees of the share option incentives are employees at segment of Machinery manufacturing industry level to whom the reserved share options (if granted after the disclosure date of the 2022 Third Quarter Report, exclusive) are awarded, the share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal. i) 30% of granted options are vested within 12 to 24 months from the vesting commencement date and the adjusted net profit and revenue of Leo Group Pump Co., Ltd. for 2023 reach at least 360 million and 5,050 million respectively. ii) 30% of granted options are vested within 24 to 36 months from the vesting commencement date and the adjusted net profit and revenue of Leo Group Pump Co., Ltd. for 2024 reach at least 440 million and 6,000 million respectively. iii) 40% of granted options are vested within 36 to 48 months from the vesting commencement date and revenue of Leo Group Pump Co., Ltd. for 2025 reach at least 540 million and 7,250 million respectively.

	Year ended December 31,					
	2023	**Weighted average exercise price**	**2024**	**Weighted average exercise price**	**2025**	**Weighted average exercise price**
	'000	*RMB*	*'000*	*RMB*	*'000*	*RMB*
At the beginning of the year	139,368	1.55	125,164	1.55	83,932	1.55
Granted	20,023	1.55	—	1.55	—	1.55
Exercise	(12,435)	1.55	(4,540)	1.55	—	1.55
Lapsed	(21,792)	1.55	(36,692)	1.55	(50,726)	1.55
At the end of the year	**125,164**		**83,932**		**33,206**	

The share options outstanding at December 31, 2023, 2024 and 2025 had an exercise price of RMB1.55. The weighted-average remaining contractual lives for the outstanding restricted shares granted were 2.46 years, 1.46 years and 0.47 years as at the end of each of the Track Record Period, respectively.

Share options were exercised on a regular basis during the Track Record Period. The weighted average share prices for the relevant periods were RMB2.26, RMB2.08 and nil per share, respectively.

The fair value of the share options at grant date is independently determined using the Black-Scholes model by an independent qualified valuer. The significant inputs used in valuations were listed as below:

	2022 Share Incentive Plan
Expected price volatility	18.57%~22.87%
Expected option life *(year)*	4
Risk-free interest rate	1.50%-2.75%
Dividend yield	—
Spot price of ordinary shares *(RMB)*	1.78

The volatility of the comparable companies for the period close to the expected time to exercise. The risk-free Interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

39. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,200,553	5,166,583	4,705,561
Net profit/(loss)	1,969,125	(259,468)	34,701
Appropriation to special reserves	(3,095)	178	(957)
Dividends *(Note 13)*	—	(201,732)	(225,672)
Appropriation to statutory reserves	—	—	(7,593)
At the end of the year	**5,166,583**	**4,705,561**	4,506,040

The Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	707,674	705,499	475,268
Net profit/(loss)	(2,175)	(28,499)	75,935
Dividends *(Note 13)*	—	(201,732)	(225,672)
Appropriation to statutory reserves	—	—	(7,593)
At the end of the year	**705,499**	**475,268**	**317,938**

40. OTHER RESERVES

The Group

	Share premium	Statutory reserve	Other comprehensive income	Capital surplus	Safety Funds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	1,258,023	153,309	138,153	111,439	10,068	1,670,992
Currency translation differences	—	—	36,361	—	—	36,361
Share-base payment						
— Share-based compensation expenses	—	—	—	11,436	—	11,436
— Exercise of share options	10,423	—	—	(3,583)	—	6,840
Share of other equity movement of associates	—	—	—	3,613	—	3,613
Share of other comprehensive loss of associates	—	—	(419)	—	—	(419)
Changes in fair value of notes receivables at FVOCI, net of tax	—	—	14	—	—	14
Appropriation to special reserves	—	—	—	—	3,095	3,095
Transaction with non-controlling interests	—	—	—	450	—	450
Balance at December 31, 2023	**1,268,446**	**153,309**	**174,109**	**123,355**	**13,163**	**1,732,382**
Balance at January 1, 2024	1,268,446	153,309	174,109	123,355	13,163	1,732,382
Currency translation differences	—	—	73,750	—	—	73,750
Share-base payment						
— Share-based compensation expenses		—	—	(4,628)	—	(4,628)
— Exercise of share options	3,756	—	—	(1,308)	—	2,448
Share of other equity movement of associates	—	—	—	4,900	—	4,900
Share of other comprehensive income of associates	—	—	542	—	—	542
Appropriation to special reserves	—	—	—	—	(178)	(178)
Transaction with non-controlling interests	—	—	—	909	—	909
Balance at December 31, 2024	**1,272,202**	**153,309**	**248,401**	**123,228**	**12,985**	**1,810,125**
Balance at January 1, 2025	1,272,202	153,309	248,401	123,228	12,985	1,810,125
Currency translation differences	—	—	(115,642)	—	—	(115,642)
Share-based payment						
—Share-based compensation expenses	—	—	—	(15,502)	—	(15,502)
Sale of treasury shares	165,969	—	—	—	—	165,969
Share of other equity movement of associates	—	—	—	1,546	—	1,546
Share of other comprehensive income of associates	—	—	658	—	—	658
Appropriation to special reserves	—	—	—	—	957	957
Appropriation to statutory reserves	—	7,593	—	—	—	7,593
Transactions with non-controlling interests	—	—	—	(4,437)	—	(4,437)
Balance at December 31, 2025	**1,438,171**	**160,902**	**133,417**	**104,835**	**13,942**	**1,851,267**

The Company

	Share premium	Statutory reserve	Other comprehensive income	Capital surplus	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	1,258,023	153,309	202	188,087	1,599,621
Share-base payment:					
— Share-based compensation expenses	—	—	—	40	40
— Exercise of share options	10,423	—	—	(3,583)	6,840
— Deemed contribution in relation to share-based scheme	—	—	—	11,396	11,396
Share of other equity movement of associates	—	—	—	1,774	1,774
Share of other comprehensive loss of associates	—	—	(533)	—	(533)
Balance at December 31, 2023	**1,268,446**	**153,309**	**(331)**	**197,714**	**1,619,138**
Balance at January 1, 2024	1,268,446	153,309	(331)	197,714	1,619,138
Share-base payment:					
— Share-based compensation expenses	—	—	—	(25)	(25)
— Exercise of share options	3,756	—	—	(1,308)	2,448
— Deemed contribution in relation to share-based scheme	—	—	—	(4,603)	(4,603)
Share of other equity movement of associates	—	—	—	528	528
Share of other comprehensive income of associates	—	—	768	—	768
Other	—	—	—	7	7
Balance at December 31, 2024	**1,272,202**	**153,309**	**437**	**192,313**	**1,618,261**
Balance at January 1, 2025	1,272,202	153,309	437	192,313	1,618,261
Share-based payment:					
— Share-based compensation expenses	—	—	—	(15,502)	(15,502)
Sale of treasury shares	165,969	—	—	—	165,969
Share of other equity movement of associates	—	—	—	1,330	1,330
Appropriation to statutory reserves	—	7,593	—	—	7,593
Share of other comprehensive income of associates	—	—	1,295	—	1,295
Balance at December 31, 2025	**1,438,171**	**160,902**	**1,732**	**178,141**	**1,778,946**

41. CONTINGENCIES AND COMMITMENTS

41.1 Contingencies

Legal and Regulatory Proceedings

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Historical Financial Information.

Among these matters, the Group is involved in litigation in California and Delaware courts. In the California proceedings, the plaintiff has claimed damages of up to approximately US$1.3 billion. Based on advice from the Company's U.S. litigation counsel and the judgments already rendered by the Delaware Chancery Court, the directors of the Company consider this claim to lack factual and legal basis, and the damages sought to be unreasonable. Accordingly, management has assessed that this matter will not have a material adverse impact on the Company's operation or financial position, and no liability has been recognized in relation to it. However, due to the inherent uncertainties of legal proceedings, the ultimate outcome may differ from the current assessment, the Company's management will continue to evaluate the impact of these matters on the financial statements.

The Company faces potential regulatory risks due to its voluntary self-disclosure of apparent sanctions violations to the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). A liabilities shall be recorded when the Company determines that losses related to this matter are probable and can be reasonably estimated. Given that the ultimate outcome or resolution remains far from probable, this matter has no material financial impact on the Company's consolidated financial statements as at December 31, 2023, 2024 and 2025. Any potential enforcement action by OFAC is subject to uncertainties, and that the matter may be resolved unfavorably to the Company in the future. In such cases, the resulting liabilities could have a material adverse impact on the Company's consolidated financial statements in the period when those liabilities are recognized.

41.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment and intangible assets commitments:			
— Contracted, but not provided for	87,745	60,174	18,660
Equity investment commitments:			
— Contracted, but not provided for	160,000	160,000	4,000

42. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit/(Loss) Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before income tax for the year	2,598,862	(412,409)	37,181
Adjustments for:			
Interest income	(120,914)	(123,035)	(67,353)
Finance cost	91,164	106,037	99,524
Depreciation and amortization of non-current assets	202,059	224,365	239,464
Net losses/(gains) on disposal of property, plant and equipment and other non-current assets	(7,856)	3,621	22,194
Net impairment losses on financial assets	362,877	182,303	66,321
Impairment provision for inventories	14,582	6,570	22,148
Fair value losses/(gains) on current financial assets at FVTPL	4,708	(24,778)	(356,886)
Fair value gains on current financial liabilities at FVTPL	47,177	—	—
Fair value losses/(gains) on non-current financial assets at FVTPL	(1,307,277)	889,738	533,313
Fair value adjustment to derivatives	—	8,087	(7,197)
Share of losses/(profits) of investments in associates	18,208	(2,002)	(16,639)
Gain on disposal of financial assets at FVTPL	(1,270,978)	(285,082)	(164,512)
Impairment provision for investments in associates	—	20,283	145,061
Impairment on other current assets	2,218	—	—

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net foreign exchange gains	(23,923)	(20,245)	(14,294)
Share-based compensation expenses/(income)	11,436	(4,628)	(15,502)
(Increase)/decrease in receivables	(1,624,222)	(35,569)	82,817
Increase/(decrease) in payables	668,056	(650,716)	(279,808)
(Increase)/decrease in inventories	(207,617)	(26,902)	160,087
Cash generated from/(used in) operations	**(541,440)**	**(144,362)**	**485,919**

(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of inventories and long-term assets by acceptance notes	543,460	803,409	628,449
Additions of right-of-use assets by way of leasing liabilities *(Note 19)*	4,061	11,989	52,429
	547,521	**815,398**	680,878

(c) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	3,296,882	1,144,331	1,912,583
Liquid investments *(i)*	2,042,420	4,114,288	4,550,610
Lease liabilities	(262,573)	(172,021)	(142,784)
Borrowings	(3,646,884)	(2,749,831)	(2,762,013)
Net debt	1,429,845	2,336,767	3,558,396
Cash and liquid investments	5,339,302	5,258,619	6,463,193
Gross debt	(3,909,457)	(2,921,852)	(2,904,797)
Net debt	1,429,845	2,336,767	3,558,396

(i) Liquid investments comprise current investments that are traded in an active market, being the group's financial assets held at fair value through profit or loss (see note 28).

	Liabilities from financing activities			Other assets		
	Bank borrowings and other borrowings	Lease liabilities	Sub-total	Cash	Liquid investments *(i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	(1,767,996)	(291,371)	(2,059,367)	679,734	1,695,978	316,345
Cash flows	(2,100,282)	47,593	(2,052,689)	2,499,327	348,148	794,786
Interest paid	54,638	—	54,638	—	—	54,638
Interest accrued	(65,351)	(18,795)	(84,146)	—	—	(84,146)
Foreign exchange adjustments	—	—	—	117,821	—	117,821
Changes in fair values	—	—	—	—	(4,708)	(4,708)
Other non-cash movements	232,107	—	232,107	—	3,002	235,109
At December 31, 2023	**(3,646,884)**	**(262,573)**	**(3,909,457)**	**3,296,882**	**2,042,420**	**1,429,845**
At January 1, 2024	(3,646,884)	(262,573)	(3,909,457)	3,296,882	2,042,420	1,429,845
Cash flows	324,186	39,730	363,916	(2,158,305)	2,042,723	248,334
Interest paid	87,300	—	87,300	—	—	87,300
Interest accrued	(96,321)	(5,611)	(101,932)	—	—	(101,932)
Foreign exchange adjustments	—	—	—	5,754	—	5,754
Changes in fair values	—	—	—	—	24,778	24,778
Other non-cash movements	581,888	56,433	638,321	—	4,367	642,688
At December 31, 2024	**(2,749,831)**	**(172,021)**	**(2,921,852)**	**1,144,331**	**4,114,288**	**2,336,767**
At January 1, 2025	(2,749,831)	(172,021)	(2,921,852)	1,144,331	4,114,288	2,336,767
Cash flows	3,349	38,843	42,192	793,962	164,293	1,000,447
Interest paid	75,761	—	75,761	—	—	75,761
Interest accrued	(97,068)	(2,456)	(99,524)	—	—	(99,524)
Foreign exchange adjustments	—	—	—	(25,710)	—	(25,710)
Changes in fair values	—	—	—	—	356,886	356,886
Other non-cash movements	5,776	(7,150)	(1,374)	—	(84,857)	(86,231)
At December 31, 2025	**(2,762,013)**	**(142,784)**	**(2,904,797)**	**1,912,583**	**4,550,610**	**3,558,396**

43. RELATED PARTY TRANSACTIONS

(a) Parent Entities

As at the years ended December 31, 2023, 2024 and 2025, natural person shareholders Mr. Wang Xiangrong and his concert party Mr. Wang Zhuangli collectively held 1,141,290,852 shares of the company, representing 16.87%, 16.85% and 16.85% of the total number of shares issued by the company. They are the ultimate controlling shareholders of the company.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
LEO (THAILAND) CO.,LTD (利歐泰國)	An associate of the group
Shanghai Bolun Cultural Communication Co., Ltd. (上海帛侖文化傳播有限公司)	An associate of the group
Zhejiang Danau Industries Co.,Ltd. (浙江大農實業股份有限公司)	An associate of the group
Zhejiang Danau Machine Co., Ltd. (浙江大農機器有限公司)	An associate of the group
Tianjin Century Kunpeng New Media Co., Ltd (天津世紀鯤鵬新媒體有限公司)	An associate of the group
Beijing Shiji Kunpeng International Media Advertising Co.,Ltd. (北京世紀鯤鵬國際傳媒廣告有限公司)	An associate of the group
Hangzhou Bicheng Digital Technology Co., Ltd. (杭州碧橙數字技術股份有限公司)	An associate of the group
Anhui Bicheng Network Technology Co., Ltd (安徽碧橙網絡技術有限公司)	An associate of the group
Hangzhou Bicheng E-commerce co.,ltd (杭州碧橙電子商務有限公司)	An associate of the group
Hangzhou Yangqu Network Technology Co., Ltd (杭州揚趣網絡科技有限公司)	An associate of the group
Shanghai Soaring Crane International Trading Co.,Ltd (上海啟鶴國際貿易有限公司)	An associate of the group
Nanjing Jikai Microwave Technology Co., Ltd. (南京吉凱微波技術有限公司)	An associate of the group
Changsha Meineng Electric Equipment Co.,LTD. (長沙美能電力設備股份有限公司)	Same key management personnel
Shanghai Wuzai Marketing Planning Co., Ltd (上海悟哉市場營銷策劃有限公司)	An entity significantly influenced by the ultimate controlling shareholders
Khorgos Wuzai Marketing Planning Co., Ltd. (霍爾果斯悟哉市場營銷策劃有限公司)	An entity significantly influenced by the ultimate controlling shareholders
Zhejiang LEO Holding Group Co.,Ltd. (浙江利歐控股集團有限公司)	An entity controlled by the ultimate controlling shareholders
Zhejiang Leo Environmental Technology Co.,Ltd. (浙江利歐環境科技有限公司)	An entity controlled by the ultimate controlling shareholders
Chengdu Liou Environmental Technology Co., Ltd (成都利歐環境科技有限公司)	An entity controlled by the ultimate controlling shareholders
Hubei Liou Environmental Technology Co., Ltd (湖北利歐環境科技有限公司)	An entity controlled by the ultimate controlling shareholders
Zhejiang Liou Environmental Protection Technology Co., Ltd (浙江利歐環保科技有限公司)	An entity controlled by the ultimate controlling shareholders
Zhejiang Liou Water Technology Co., Ltd (浙江利歐水務科技有限公司)	An entity controlled by the ultimate controlling shareholders
Taizhou Liou Environmental Protection New Materials Co., Ltd (台州利歐環保新材料有限公司)	An entity controlled by the ultimate controlling shareholders
Shanghai Zhongchen Electronic Technology Co., Ltd (上海眾辰電子科技股份有限公司)	An entity significantly influenced by the ultimate controlling shareholders
Shanghai Leo Precision Artificial Intelligence Technology Co., Ltd (上海利歐精調人工智能科技有限公司)	An entity significantly influenced by the corporate supervisor
Shanghai Huashi Housu Information Technology Co., Ltd (上海繪事後素信息技術有限公司)	An entity significantly influenced by the corporate supervisor
Jing Tao International Limited (京韜國際有限公司)	An associate of the group

Name of the related parties	Relationship with the Group
RIME Capital Limited (霧凇資本有限公司)	An associate of the group
Qianjiang Spring (Hangzhou) Co., Ltd. (錢江彈簧(杭州)有限公司)	An associate of the group
Hubei Zhongchen Electric Co., Ltd (湖北眾辰電氣有限公司)	An entity significantly influenced by the ultimate controlling shareholders
Zhejiang Saika Technology Co., Ltd (浙江賽卡科技有限公司)	An entity controlled by the ultimate controlling person's sister and her husband
Shanghai Prosolar Resources Development Co., Ltd.(上海創興資源開發股份有限公司)	An associate of the group
Wenling Lianying Construction Engineering Co., Ltd. (溫嶺聯盈建築工程有限公司)	An associate of the group
Wenling Jiujin Construction Engineering Co., Ltd. (溫嶺九錦建築工程有限公司)	An associate of the group

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) Material Transactions with Related Parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services:			
Entities controlled by the ultimate controlling shareholders	38,368	55,912	39,094
Associates of the group	1,654	4,302	3,972
Entities significantly influenced by the ultimate controlling shareholders	750	24	—
An entity controlled by the ultimate controlling person's sister and her husband	—	—	23,088
	40,772	**60,238**	**66,154**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and rendering of services:			
Entities controlled by the ultimate controlling shareholders	13,477	14,238	10,757
Associates of the group	9,782	7,892	12,679
Entities significantly influenced by the ultimate controlling shareholders	7,794	23,979	—
An entity controlled by the ultimate controlling person's sister and her husband	—	—	1
	31,053	**46,109**	**23,437**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rental Income			
Entities controlled by the ultimate controlling shareholders	894	1,393	2,604
Associates of the group	—	2,056	3,668
	894	**3,449**	**6,272**

(d) Balance with Related Parties

	Year ended December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rental expense			
Associates of the group	—	—	127

	As at December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantee provided by the Company			
Entities significantly influenced by the ultimate controlling shareholders *(i)*	—	—	149,000

(i) Mr. Wang Xiangrong, an entity subject to significant influence by the Company, together with its wholly-owned subsidiary, provided a counter-guarantee to the Company in respect of the above guarantee.

The guarantees and the counter-guarantees will be released in December 2026 upon the maturity and repayment of the relevant debts.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade nature			
Trade and notes receivables			
Entities controlled by the ultimate controlling shareholders	23,210	11,380	14,323
Associates of the group	7,192	6,717	8,653
Entities significantly influenced by the ultimate controlling shareholders	4,065	10,316	—
	34,467	**28,413**	**22,976**
Less: credit loss allowance	(2,324)	(2,420)	(2,589)
	32,143	**25,993**	**20,387**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade nature			
Trade and notes payables			
Entities controlled by the ultimate controlling shareholders	18,013	18,821	13,956
Associates of the group	528	1,623	213
Entities significantly influenced by the ultimate controlling shareholders	1,990	—	—
An entity controlled by the ultimate controlling person's sister and her husband	—	—	8,831
Others	20	20	20
	20,551	**20,464**	**23,020**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade nature			
Prepayments, other receivables and other assets:			
Entities controlled by the ultimate controlling shareholders	2,161	2,075	885
Associates of the group	5,001	73	480
Entities significantly influenced by the ultimate controlling shareholders	50	50	—
Others	500	—	—
	7,712	**2,198**	**1,365**
Less: credit loss allowance	(2,155)	(1,906)	(189)
	5,557	**292**	**1,176**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade nature			
Contract Liabilities, and Other Payables			
An entity controlled by the ultimate controlling shareholders	246	80	124
An associate of the group	2,960	3,663	2,475
An entity significantly influenced by the ultimate controlling shareholders	—	10	—
	3,206	3,753	2,599

All the balances with the related parties are trade in nature.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 10(a), was as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages, bonuses and fees	10,216	12,573	11,512
Share-based compensation expenses	218	(158)	(365)
Pension costs, provident fund, medical insurance and other social benefits	1,312	1,503	1,331
	11,746	13,918	12,478

As at December 31, 2023, 2024 and 2025, approximately RMB4,539,000, RMB3,532,000 and RMB3,878,000 of payroll payables were included in other payables and accruals. The share-based payments provided to key management personnel consist of share option incentive schemes which are equity-settled, see Note 38.

44. EVENTS AFTER THE REPORTING PERIOD

On April 28, 2026, an annual dividend in respect of the year ended December 31, 2025, of RMB0.30 per 10 shares (tax inclusive) was proposed by the Board of Directors. On May 19, 2026, the proposed dividend was approved by the 2025 Annual General Meeting. These financial statements do not reflect this dividend payable as it was not approved as at December 31, 2025.

45. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

An associate is an entity over which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in the Group's interests in associates

When the Group reduces its ownership interests in an associate but the Group continues to use the equity method (including situations that change of ownership interest in an associate due to capital increase of other shareholders to the associate), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Property, Plant and Equipment

The Group's accounting policy for buildings and equipment is explained in Note 18(a). Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(8) Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 43(3). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Software copyright and domain name combination

Separately acquired software copyrights and domain name are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

(iii) Software

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

(iv) Non-patent technology

Non-patent technology is initially recognized at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses.

(v) Ming right

Mining right are stated at cost less accumulated amortization and impairment losses and are amortized based on the straight-line basis over its estimated useful life.

(9) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the assets. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment of Financial Assets

The Group recognizes 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 flow will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(10) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVTPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined using the weighted-average cost calculated on a monthly basis. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group's impairment policies.

(13) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(14) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(15) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(16) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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 eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(17) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(18) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Provident Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised provident funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the provident funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(19) Share-Based Payments

(i) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period);
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(ii) Share-based payment transactions among group entities

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company's own equity instruments. Otherwise, the transaction shall be recognized as a cash settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee paid when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

(iii) Modifications and Cancelations

The Group may modify the terms and conditions on which the share-based compensation plan was granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting year. A grant of the share-based compensation plan, that is canceled or settled during the vesting year, is treated as an acceleration of vesting. The Group will immediately recognize the amount that otherwise would have been recognized for services received over the remainder of the vesting year.

(20) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(21) Interest Income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(22) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(23) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(24) Government Grant

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(25) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(26) Leases

(i) Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies to the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

(iii) The Group as a Lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

III SUBSEQUENT FINANCIAL STATEMENTS

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