The following is the text of a report set out on pages I-1 to I-63, received from the Company's reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [**REDACTED**]. *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.*

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GROWATT TECHNOLOGY CO., LTD AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Growatt Technology Co., Ltd (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-63, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, 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 other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group 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-3 to I-63 forms an integral part of this report, which has been prepared for inclusion in the [**REDACTED**] of the Company dated [●] (the "[**REDACTED**]") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for 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 and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

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 consider 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 and presentation 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 of the Company, 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 purpose of the accountants' report, a true and fair view of the Group's consolidated financial position as at December 31, 2023, 2024 and 2025, the Company's financial position as at December 31, 2023, 2024 and 2025, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of preparation and presentation 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-3 have been made.

Dividends

We refer to Note 34(c) to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
[●]
Practising Certificate Number: [●]
Hong Kong
[**REDACTED**]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	5,362,804	4,475,589	5,232,920
Cost of sales		(3,953,670)	(3,565,955)	(4,057,486)
Gross profit		1,409,134	909,634	1,175,434
Other income	*6*	112,273	93,900	90,636
Other gains/(losses), net	*7*	120,249	(14,756)	81,594
Selling and distribution expenses		(392,285)	(358,949)	(323,938)
Administrative expenses		(248,358)	(193,724)	(188,237)
Research and development expenses		(440,297)	(339,218)	(298,358)
Impairment losses on trade and other receivables, net	*36(a)*	(30,449)	(42,350)	(18,978)
Operating profit		530,267	54,537	518,153
Finance costs	*8*	(22,632)	(10,617)	(6,587)
Share of profits/(losses) of associates	*16*	46,132	(2,354)	(7,506)
Fair value changes of financial instruments issued to investors	*32*	361,866	(29,081)	(67,417)
Profit before tax	*8*	915,633	12,485	436,643
Income tax (expense)/credit	*9*	(72,288)	7,389	(24,057)
Profit for the year		843,345	19,874	412,586
Profit for the year attributable to:				
Owners of the Company		829,126	13,645	411,260
Non-controlling interests		14,219	6,229	1,326
		843,345	19,874	412,586
Other comprehensive income/(loss) for the year				
Items that will not be reclassified subsequently to profit or loss:				
– Fair value changes of financial instruments issued to investors due to own credit risk	*32*	21,331	7,533	(3,780)
Items that may be reclassified subsequently to profit or loss:				
– Exchange differences on translation of foreign operations		28,683	11,615	(21,740)
Total comprehensive income for the year		893,359	39,022	387,066
Total comprehensive income for the year attributable to:				
Owners of the Company		879,140	32,793	385,740
Non-controlling interests		14,219	6,229	1,326
		893,359	39,022	387,066
Earnings per share attributable to owners of the Company	*11*			
Basic (RMB)		0.65	0.01	0.32
Diluted (RMB)		0.35	0.01	0.32

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*13*	877,262	959,718	973,600
Right-of-use assets	*14*	245,566	163,899	115,140
Intangible assets	*15*	32,640	24,347	23,797
Prepayments and other assets	*19*	25,194	4,589	4,217
Investments in associates	*16*	98,548	107,192	99,264
Financial assets at fair value through other comprehensive income	*21*	419	344,119	537,598
Deferred tax assets	*30(b)*	192,093	227,556	231,045
		1,471,722	1,831,420	1,984,661
Current assets				
Inventories	*17*	2,173,062	1,485,967	1,537,217
Trade and notes receivables	*18*	1,065,928	842,341	824,950
Prepayments, other receivables and other assets	*19*	330,668	262,007	274,990
Financial assets at fair value through profit or loss	*20*	100,000	218,160	289,041
Financial assets at fair value through other comprehensive income	*21*	30,608	65,013	6,946
Restricted bank deposits	*22*	35,998	71,211	111,851
Time deposits	*22*	238,811	195,750	431,271
Cash and cash equivalents	*22*	1,450,005	1,667,913	2,284,369
		5,425,080	4,808,362	5,760,635
Current liabilities				
Trade and notes payables	*23*	1,160,797	1,338,750	1,781,689
Other payables and accruals	*24*	650,769	351,260	447,889
Contract liabilities	*25*	214,104	123,270	305,677
Borrowings	*26*	150,150	200,175	283,168
Lease liabilities	*27*	50,521	47,976	24,292
Provisions	*28*	142,143	114,734	127,883
Financial instruments issued to investors	*32*	912,511	934,059	1,005,256
Financial liabilities at fair value through profit or loss	*29*	–	2,122	21,217
Current tax liabilities	*30(a)*	20,794	27,108	28,642
		3,301,789	3,139,454	4,025,713
Net current assets		2,123,291	1,668,908	1,734,922
Total assets less current liabilities		3,595,013	3,500,328	3,719,583
Non-current liabilities				
Borrowings	*26*	135,086	134,817	–
Lease liabilities	*27*	131,615	52,475	24,804
Provisions	*28*	83,290	86,555	77,570
Deferred income	*31*	3,615	3,472	2,958
		353,606	277,319	105,332
Net assets		3,241,407	3,223,009	3,614,251
EQUITY				
Share capital	*34(a)*	83	83	83
Reserves		3,171,876	3,205,246	3,593,602
Equity attributable to owners of the Company		3,171,959	3,205,329	3,593,685
Non-controlling interests		69,448	17,680	20,566
Total equity		3,241,407	3,223,009	3,614,251

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Investments in subsidiaries	*12*	1,810,543	1,810,543	1,813,159
Current assets				
Other receivables		–	127	–
Financial assets at fair value through profit or loss	*20*	–	10,242	21,417
Cash and cash equivalents	*22*	184,012	37,441	37,040
		184,012	47,810	58,457
Current liabilities				
Other payables and accruals	*24*	108,359	64	70
Amounts due to subsidiaries		219,134	198,593	194,183
Financial instruments issued to investors	*32*	912,511	934,059	1,005,256
		1,240,004	1,132,716	1,199,509
Net current liabilities		(1,055,992)	(1,084,906)	(1,141,052)
Net assets		754,551	725,637	672,107
EQUITY				
Share capital	*34(a)*	83	83	83
Reserves	*34(b)*	754,468	725,554	672,024
Total equity		754,551	725,637	672,107

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company							
	Notes	**Share capital**	**Capital reserve**	**Other reserves**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
		RMB'000 *(Note 34(a))*	*RMB'000* *(Note 34(a))*	*RMB'000* *(Note 34(d))*	*RMB'000* *(Note 34(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		83	429,686	(19,443)	212,645	1,750,177	2,373,148	61,922	2,435,070
Profit for the year		–	–	–	–	829,126	829,126	14,219	843,345
Other comprehensive income for the year		–	–	50,014	–	–	50,014	–	50,014
Total comprehensive income for the year		–	–	50,014	–	829,126	879,140	14,219	893,359
Dividends declared	*34(c)*	–	(99,312)	–	–	–	(99,312)	–	(99,312)
Dividends to non-controlling interests		–	–	–	–	–	–	(7,342)	(7,342)
Capital injection from non-controlling interests		–	–	–	–	–	–	2,500	2,500
Appropriation of statutory reserve	*34(e)*	–	–	–	73,759	(73,759)	–	–	–
Equity settled share-based payment expenses	*33*	–	20,130	–	–	–	20,130	–	20,130
Transaction with non-controlling interests	*34(f)*	–	(1,147)	–	–	–	(1,147)	(1,853)	(3,000)
Disposal of a subsidiary		–	–	–	–	–	–	2	2
Balance at December 31, 2023		83	349,357	30,571	286,404	2,505,544	3,171,959	69,448	3,241,407

	Notes	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserves	Statutory reserve	Retained earnings	Sub-total		
		RMB'000 *(Note 34(a))*	*RMB'000* *(Note 34(a))*	*RMB'000* *(Note 34(d))*	*RMB'000* *(Note 34(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		83	349,357	30,571	286,404	2,505,544	3,171,959	69,448	3,241,407
Profit for the year		–	–	–	–	13,645	13,645	6,229	19,874
Other comprehensive income for the year		–	–	19,148	–	–	19,148	–	19,148
Total comprehensive income for the year		–	–	19,148	–	13,645	32,793	6,229	39,022
Appropriation of statutory reserve	*34(e)*	–	–	–	29,430	(29,430)	–	–	–
Transaction with non-controlling interests	*34(f)*	–	577	–	–	–	577	(57,997)	(57,420)
Balance at December 31, 2024		83	349,934	49,719	315,834	2,489,759	3,205,329	17,680	3,223,009
Balance at January 1, 2025		83	349,934	49,719	315,834	2,489,759	3,205,329	17,680	3,223,009
Profit for the year		–	–	–	–	411,260	411,260	1,326	412,586
Other comprehensive loss for the year		–	–	(25,520)	–	–	(25,520)	–	(25,520)
Total comprehensive (loss)/income for the year		–	–	(25,520)	–	411,260	385,740	1,326	387,066
Appropriation of statutory reserve	*34(e)*	–	–	–	2,453	(2,453)	–	–	–
Equity settled share-based payment expenses	*33*	–	2,616	–	–	–	2,616	–	2,616
Capital injection from non-controlling interests		–	–	–	–	–	–	1,560	1,560
Balance at December 31, 2025		83	352,550	24,199	318,287	2,898,566	3,593,685	20,566	3,614,251

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operating activities	*38(a)*	502,358	1,056,866	1,386,048
Income tax paid		(334,562)	(76,069)	(63,446)
Income tax refunded		25,272	81,488	58,681
Net cash from operating activities		193,068	1,062,285	1,381,283
Cash flows from investing activities				
Payment for the purchase of property, plant and equipment, intangible assets and other non-current assets		(437,975)	(284,232)	(164,099)
Payment for acquisition of land use rights		(1,407)	–	–
Proceeds from disposal of property, plant and equipment		16,954	9,287	8,780
Payment for financial assets at fair value through profit or loss		(200,000)	(1,560,534)	(3,093,800)
Proceeds from disposal of financial assets at fair value through profit or loss		100,218	1,438,611	3,037,217
Proceeds from financial liabilities at fair value through profit or loss		–	6,626	31,520
Payment for disposal of financial liabilities at fair value through profit or loss		–	(239)	(753)
Placement in time deposits		(302,714)	(349,692)	(784,708)
Release in time deposits		689,346	392,753	549,187
Placement in restricted bank deposits		–	(9,842)	(74,757)
Payment for financial assets at fair value through other comprehensive income		–	(340,000)	(181,393)
Payment for interests in associates		(10,000)	(12,000)	–
Payment for interest in unlisted equity investment		–	–	(1,563)
Dividends received form unlisted equity investment		–	–	1,072
Interest received		906	5,970	12,068
Acquisition of non-controlling interests	*34(f)*	(3,000)	(57,420)	–
Net cash outflow as a result of disposal of a subsidiary	*38(f)*	(12,862)	–	–
Net cash used in investing activities		(160,534)	(760,712)	(661,229)
Cash flows from financing activities				
Proceeds from bank borrowings	*38(b)*	297,587	99,731	158,255
Repayment of bank borrowings	*38(b)*	(212,500)	(50,000)	(210,000)
Payments of leases	*38(b)*	(59,934)	(53,877)	(44,942)
Interests paid	*38(b)*	(4,698)	(5,915)	(5,240)
Capital contribution from non-controlling interests		2,500	–	1,560
Dividends paid to ordinary shareholders	*38(b)*	–	(99,312)	–
Dividends paid to holders of convertible preferred shares	*38(b)*	–	(6,929)	–
Dividends paid to non-controlling interests		(7,342)	–	–
Net cash from/(used in) financing activities		15,613	(116,302)	(100,367)
Net increase in cash and cash equivalents		48,147	185,271	619,687
Cash and cash equivalents at January 1		1,335,169	1,450,005	1,667,913
Effect of foreign exchange rate changes, net		66,689	32,637	(3,231)
Cash and cash equivalents at December 31	*22*	1,450,005	1,667,913	2,284,369

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Growatt Technology Co., Ltd (the "Company") was incorporated in the Cayman Islands on June 15, 2021 as an exempted company with limited liability. The address of the Company's registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, "the Group") are principally engaged in designing, developing, manufacturing and sales of energy storage system products, photovoltaics inverters ("PV inverters") and AI-empowered energy management systems in the People's Republic of China (the "PRC") and certain overseas countries and regions during the Track Record Period.

As at the date of this report, the Company's principal subsidiaries during the Track Record Period are set out in Note 12.

2 BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations approved by the International Accounting Standards Board ("IFRS Accounting Standards"). In addition, the Historical Financial Information complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are measured at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

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.

The accounting policies have been consistently applied to all the years presented in the Historical Financial Information, unless otherwise stated. The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 3.2.

All IFRS Accounting Standards and interpretations mandatorily effective for the financing year beginning on January 1, 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information consistently throughout the Track Record Period. The adoption of IFRS Accounting Standards and interpretations do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

The Group has not adopted any new IFRS Accounting Standards or interpretations issued but not yet effective for the Track Record Period which are set out in Note 3.1.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

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

1 Effective for accounting periods beginning on or after January 1, 2026

2 Effective for accounting periods beginning on or after January 1, 2027

3 Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the new and amended standards, improvements and interpretations will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

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 and IFRS 7. 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 accounting periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of measurement

The Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial asset at FVTPL, financial asset at FVTOCI and financial liability at FVTPL are stated at their fair value as explained in the accounting policies set out below.

Use of estimates and judgments

The preparation of Historical Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 4.

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investment in subsidiaries are stated at cost less impairment losses.

Business combination and goodwill

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

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

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

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

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

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Associate

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the Historical Financial Information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post acquisition, post-tax results of the investee and any impairment losses for the period are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates are as follows.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 37(a). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTOCI – recycling, if the contractual cash flows of the investment comprises solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortized cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognized in profit or loss as other income in accordance with the policy set out below.

Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

Property, plant and equipment and construction in progress

Property, plant and equipment are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value). Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	20 – 50 years
Machinery and equipment	3 – 10 years
Motor vehicles	4 – 10 years
Furniture and office equipment	3 – 5 years
Leasehold improvements	3 – 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents properties under construction, machinery and equipment pending installation and internal use software under construction and pending installation and is stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less impairment losses. Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment, or intangible assets for internal use software, when the asset is substantially ready for its intended use and depreciation, or amortization for intangible assets, will be provided at the appropriate rates in accordance with the depreciation polices specified above, or amortization policies specified below.

No depreciation is provided in respect of construction in progress.

Intangible assets (other than goodwill)

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred.

Intangible assets acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

	Estimated useful life
Software	3-10 years

The useful lives of software are estimated based on the remaining period of economic benefits to be derived from the software itself.

Both the period and method of amortization are reviewed annually.

Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortized cost.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof for fixed-rate financial assets where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognized is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment, including construction in progress;

– right-of-use assets

– intangible assets;

– investment in an associate; and

– investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash- generating unit).

Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortized cost using the effective interest method, less allowance for credit losses.

Cash and cash equivalents and restricted bank deposits

Cash and cash equivalents comprises cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Bank deposits which are restricted to use are presented separately in Historical Financial Information as "Restricted bank deposits". Restricted bank deposits are excluded from cash and cash equivalents in the consolidated statements of cash flows. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out below.

Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs set out below.

Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Contract liabilities

Contract liabilities are recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue. Contract liabilities would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share-based payment awards granted to employees is recognized as an employee cost with a corresponding increase in a reserve within equity. The fair value is measured at grant date by reference to the market price or the valuer's valuation of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the reserve for equity-settled share base payment. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options or shares that vest (with a corresponding adjustment to the reserve).

(t) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of goods

Revenue is recognized when control over a product is transferred to the customer. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

(ii) Sales with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Group shall recognize revenue for the transferred products in the amount of consideration to which the Group expects to be entitled and a refund liability at the amounts receivable for which the Group does not expect to be entitled; meanwhile, an asset namely "Right to recover returned goods" shall be recognized as receivables on the cost of return measured at the carrying amount of the product expected to be returned less any expected costs to recover those products including potential decreases in the value to the entity of returned products, and the net amount of the carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Group shall assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

(iii) Warranty

In accordance with the contract, the law or other requirements, the Group provides a warranty in connection with the sale of a product. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Group does not treat it as a performance obligation.

(iv) Sales rebates

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

(v) Interest income

Interest income is recognized as it accrues using the effective interest method. For financial assets measured at amortized cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset.

(vi) Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment is established.

(vii) Government grants

Government grants are recognized in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income that is recognized in profit or loss over the useful life of the asset.

Translation of foreign currencies

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities.

The results of operations with functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than RMB, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (1).
- (vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group has one operating segment, which is designing, developing, manufacturing and sales of energy storage system products, PV inverters and AI-empowered energy management systems. The Group's chief operating decision maker ("CODM") is the key management personnel of the Group who reviews the Group's results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the Historical Financial Information:

(a) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at the end of each reporting period.

(b) Impairment of trade and other receivables

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortized cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

(c) Warranty provision

As explained in Note 28, the Group makes provisions under the warranties it gives on sale of its PV inverters and energy storage products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(d) Recognition of deferred tax assets

Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to the expectations of future cash flows from operations and the applicable tax laws. To the extent that future cash flows and taxable income differs significantly from estimates, the ability of the Group to realize the deferred tax assets recorded at the end of the reporting period could be impacted. Additionally, changes in tax laws could limit the ability of the Group to obtain tax deductions in the future.

(e) Fair value measurement of convertible preferred shares

The convertible preferred shares are not traded in an active market and the respective fair value is determined by using valuation techniques. The Group had used the discounted cash flow ("DCF") method to determine the underlying share value of the Company, and adopted equity allocation model to determine the fair value of the convertible preferred shares as of the date of issuance and at the end of each reporting period. Key assumptions, such as discount rate, expected volatility and discount for lack of marketability are disclosed in Note 37(a). Considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

5 REVENUE AND SEGMENT INFORMATION

The CODM manages the Group's businesses as a whole for the purposes of resource allocation and performance assessment. The Group has one operating segment, which is designing, developing, manufacturing and sales of energy storage system products, PV inverters and AI-empowered energy management systems. The CODM reviews the Group's results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized at a point of time:			
– Energy storage system products	2,083,161	1,666,073	3,315,421

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
– PV inverters	2,956,073	2,584,724	1,556,841
– AI-empowered energy management systems	69,775	55,801	60,739
– Others	253,795	168,991	299,919
	5,362,804	4,475,589	5,232,920

The Group's revenue from contracts with customers were substantially recognized at a point in time during the Track Record Period.

(b) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group in the years ended December 31, 2023, 2024 and 2025, respectively, is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	N/A*	N/A*	678,813

* Revenue from relevant customer was less than 10% of the Group's total revenue for the year of 2023 and 2024.

During the Track Record Period, certain amounts of revenue are related to sales to related parties (Note 41).

For the years ended December 31, 2023, 2024 and 2025, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognized in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

(c) Geographic information

The following table presents a summary of revenue by region based on the location of the Group's revenue from external customers. The geographical location is based on the destination of shipment.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Europe	2,396,789	1,360,882	1,697,075
Americas *(Note (i))*	837,311	941,459	1,340,957
Chinese Mainland	1,278,255	1,052,443	923,340
Asia Pacific *(Note (ii))*	598,627	993,945	932,341
Middle East and Africa	251,822	126,860	339,207
	5,362,804	4,475,589	5,232,920

Notes:

(i) Including North America and South America.

(ii) Including Asia and Oceania, excluding Chinese Mainland and Middle East.

An analysis of the Group's non-current assets excluding deferred tax assets and financial assets by geographical locations is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	1,183,385	1,178,763	1,132,968
Others	95,825	80,982	83,050
	1,279,210	1,259,745	1,216,018

6 OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(Note)*	67,285	47,736	20,659
Investment income from financial assets at FVTPL	218	1,847	2,967
Investment income from financial assets at FVTOCI	–	3,691	11,626
Investment income from financial liabilities at FVTPL	–	5,740	5,346
Interest income	44,770	34,886	50,038
	112,273	93,900	90,636

Note: For the years ended December 31, 2023, 2024 and 2025, the Group has received funds from the PRC Government regarding grants and subsidies mainly for activities in high-technology industry, research and development activities and capacity expansion carried out by the Group. There are no unfulfilled conditions or contingencies when recognizing these grants and subsidies.

7 OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fair value changes on financial assets at FVTPL	–	(5,609)	11,331
Fair value changes on financial liabilities at FVTPL	–	(1,476)	6,327
Losses on disposal of property, plant and equipment, net	(8,630)	(14,033)	(16,744)
Gains on early termination of leases, net	3,482	574	863
Impairment loss on property, plant and equipment *(Note 13)*	–	–	(1,471)
Exchange gains/(losses), net	125,923	(8,384)	71,210
Insurance compensation	303	14,172	10,078
Loss on disposal of a subsidiary	(829)	–	–
	120,249	(14,756)	81,594

8 PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on borrowings	4,635	5,940	5,161
Interest expense on lease liabilities	11,124	6,694	3,198
Interest expense on financial instruments issued to investors *(Note 34(c))*	6,929	–	–
	22,688	12,634	8,359
Less: amount capitalized	(56)	(2,017)	(1,772)
	22,632	10,617	6,587

(b) Staff costs

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	669,962	674,819	672,302
Contributions to defined contribution retirement plans	63,780	65,791	65,342
Termination benefits	5,945	14,745	9,945
Equity settled share-based payment expenses *(Note 33)*	20,130	–	2,616
	759,817	755,355	750,205

(c) Other items

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories	3,464,240	3,194,555	3,761,586
Provision for impairment of inventories	151,916	109,263	88,978
Depreciation of property, plant and equipment *(Note 13)*	75,014	137,272	127,155
Depreciation of right-of-use assets *(Note 14)*	57,507	51,790	42,963
Amortization of intangible assets *(Note 15)*	9,361	10,253	9,285
Amortization of other non-current assets	2,600	6,232	302
Auditors' remuneration			
– audit services	783	634	679
– non-audit services	126	459	63
[**REDACTED**] expenses	38,437	–	–
Provision for impairment loss on trade receivables, net *(Note 36(a))*	8,721	41,062	17,238
Provision for impairment loss on other receivables, net *(Note 36(a))*	21,728	1,288	1,740
Share of (profits)/losses of associates	(46,132)	2,354	7,506
Fair value changes of financial instruments issued to investors *(Note 32)*	(361,866)	29,081	67,417

Cost of inventories includes costs relating to staff costs, depreciation and amortization expenses which amounts are also included in the respective total amounts disclosed separately above or in Note (b) for each of these types of expenses for the years ended December 31, 2023, 2024 and 2025.

9 INCOME TAX EXPENSE/(CREDIT)

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax	47,858	29,211	24,222
Deferred tax *(Note 30(b))*	24,430	(36,600)	(165)
Income tax expense/(credit)	72,288	(7,389)	24,057

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. The Group's principal applicable taxes and tax rates are as follows:

(i) The Cayman Islands

Pursuant to the current rules and regulations of the Cayman Islands, the Company is not subject to income tax.

(ii) Hong Kong

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period, except for the subsidiary of the Group which was the qualifying corporation under the two-tiered Profits Tax rate regime for the relevant year. For such qualifying corporation, the first 2 million Hong Kong Dollars ("HKD") of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Accordingly, the provision for Hong Kong Profits Tax for one subsidiary of the Group is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HK$2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%.

(iii) Chinese Mainland

The statutory Corporate Income Tax ("CIT") rate applicable to the subsidiaries registered in the PRC is 25% for the Track Record Period, except as described below:

Shenzhen Growatt New Energy Co., Ltd. ("Growatt Shenzhen") was qualified as a High and New Technology Enterprise ("HNTE") in 2022 and 2025 and entitled to a preferential tax rate of 15% during the Track Record Period.

Shenzhen Sacolar New Energy Co., Ltd. ("Shenzhen Sacolar") was qualified as a HNTE in 2021 and 2024 and entitled to a preferential tax rate of 15% during the Track Record Period.

Shenzhen Bohaoyuan Technology Co., Ltd. was qualified as an Integrated Circuit Company and Software Company and entitled to enjoy tax-free benefits for the first two years starting from 2021, and entitled to a 50% tax reduction for the next three years.

The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since January 1, 2008.

(iv) Other jurisdictions

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions as below:

Pursuant to the rules and regulations of the Netherlands, the Group's subsidiary in the Netherlands was liable to Netherlands corporate tax. The subsidiary is a qualifying corporation under the two-tiered corporate tax rate regime. For the Track Record Period, the first 200,000 Euros ("EUR") of assessable profits are taxed at 19%, and the remaining assessable profits are taxed at 25.8%.

Pursuant to the rules and regulations of the United States of America ("US"), Growatt USA, Inc. was liable to federal tax at a rate of 21% and state and local income taxes at a rate of 8.84%, respectively, of assessable profits.

Pursuant to the income tax rules and regulations of Vietnam, the Group's subsidiary in Vietnam enjoyed full tax exemption during the Track Record Period.

(b) Reconciliation between income tax expense/(credit) and accounting profit at applicable tax rates:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	915,633	12,485	436,643
Tax calculated at the PRC statutory income tax rate of 25%	228,908	3,121	109,161
Effect of different tax rates of entities operating in other jurisdictions and preferential income tax rates of certain subsidiaries	(116,124)	(12,051)	(68,452)
Tax effect of non-deductible expenses	15,747	3,423	2,312
Tax effect of incomes not subject to tax	(635)	(287)	–
Tax effect of utilization of previously unrecognized tax losses	(1,363)	–	(3,802)
Tax effect of unrecognized tax losses or temporary differences	10,927	39,972	12,620
Tax effect of additional deduction on research and development expenses *(Note)*	(64,336)	(42,395)	(36,481)
Effect on deferred tax balances resulting from a change in tax rate	(1,879)	(471)	–
Adjustments for prior years	963	550	8,467
Others	80	749	232
Income tax expense/(credit)	72,288	(7,389)	24,057

Note: The amounts mainly represent an additional 100% tax deduction on eligible research and development expenses incurred by certain PRC subsidiaries during the Track Record Period.

10 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

Directors of the Company received remuneration from the subsidiaries now comprising the Group during the Track Record Period which was included in the staff costs as disclosed in Note 8(b). Directors' emoluments during the Track Record Period are as follows:

	Directors' fee	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023:					
Chairman					
Mr. Ding Yongqiang	–	700	624	74	1,398
Executive directors					
Ms. Wang Qingyuan	–	484	565	19	1,068
Mr. Qiao Xin	–	415	4,032	19	4,466
Ms. Zhang Lixia	–	484	907	19	1,410
Mr. Wu Liangcai	–	593	300	19	912
Mr. Deng Pengfei	–	580	595	19	1,194
	–	3,256	7,023	169	10,448
For the year ended December 31, 2024:					
Chairman					
Mr. Ding Yongqiang	–	720	328	75	1,123
Executive directors					
Ms. Wang Qingyuan	–	568	428	28	1,024
Mr. Qiao Xin	–	414	2,684	18	3,116
Ms. Zhang Lixia	–	624	628	30	1,282
Mr. Wu Liangcai	–	620	570	18	1,208
Mr. Deng Pengfei	–	613	428	18	1,059
	–	3,559	5,066	187	8,812
For the year ended December 31, 2025:					
Chairman					
Mr. Ding Yongqiang	–	720	786	63	1,569
Executive directors					
Ms. Wang Qingyuan	–	601	428	35	1,064
Mr. Qiao Xin	–	382	2,821	20	3,223
Ms. Zhang Lixia	–	642	815	36	1,493
Mr. Wu Liangcai	–	631	741	19	1,391
Mr. Deng Pengfei	–	575	342	19	936
	–	3,551	5,933	192	9,676

There was no arrangement under which a director has waived or agreed to waive any emoluments during the Track Record Period.

(b) Individual with highest emoluments

Of the five individuals with the highest emoluments of the Group, one, one, and one individual was director for the years ended December 31, 2023, 2024 and 2025, respectively, whose emoluments are disclosed in Note (a). The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowance and benefits in kind	2,874	3,246	3,056
Discretionary bonuses	8,667	6,344	8,088
Retirement scheme contributions	188	188	235
	11,729	9,778	11,379

The emoluments of the above individuals with the highest emoluments other than the directors are within the following bands:

	Year ended December 31,		
	2023	2024	2025
HKD2,000,001 – HKD2,500,000	2	–	–
HKD2,500,001 – HKD3,000,000	–	4	2
HKD3,000,001 – HKD3,500,000	–	–	1
HKD3,500,001 – HKD4,000,000	1	–	1
HKD4,500,001 – HKD5,000,000	1	–	–

11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	829,126	13,645	411,260
Weighted average number of ordinary shares in issue (thousand shares)	1,277,903	1,277,903	1,277,903
Basic EPS (RMB per share)	0.65	0.01	0.32

(b) Diluted EPS

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	829,126	13,645	411,260
Effect of fair value change of financial instruments issued to investors (RMB'000)	(361,866)	–	–
Effect of interest expense on financial instruments issued to investors (RMB'000)	6,929	–	–
Profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	474,189	13,645	411,260
Weighted average number of ordinary shares in issue (thousand shares)	1,277,903	1,277,903	1,277,903
Effect of the convertible preferred shares (thousand shares)	89,156	–	–
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	1,367,059	1,277,903	1,277,903
Diluted EPS (RMB per share)	0.35	0.01	0.32

As the inclusion of potential ordinary shares from the convertible preferred shares would be anti-dilutive, it is not included in the calculation of diluted EPS for the years ended December 31, 2024 and 2025.

12 PRINCIPAL SUBSIDIARIES

(a) Principal subsidiaries of the Group

As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Name of company	Principal activities	Place of establishment/ incorporation	Date of establishment/ incorporation	Particulars of issued and paid-in capital	Proportion of ownership interest held by the Company	
					Directly held	Indirectly held
Growatt Shenzhen (深圳古瑞瓦特新能源有限公司) *(Notes (i)* and *(iii))*	Manufacturing, research and sales of products	The PRC	March 3, 2011	RMB245.15 million	–	100%
Guangdong Growatt New Energy Technology Co., Ltd (廣東省古瑞瓦特新能源有限公司) ("Growatt Guangdong") *(Notes (i)* and *(iii))*	Manufacturing of products	The PRC	June 28, 2017	RMB120 million	–	100%
Growatt Energy Co., Limited *(Note (iv))*	Sales of products	Hong Kong	June 21, 2021	HKD 478,017,922	–	100%
Hong Kong Growatt New Energy Co., Limited *(Note (v))*	Sales of products	Hong Kong	August 11, 2011	United States Dollars ("USD") 2.5 million	–	100%
Growatt Vietnam New Energy Company Limited *(Note (vi))*	Manufacturing and sales of products	Vietnam	October 17, 2022	Vietnamese đồng 82,950 million	–	100%
Growatt USA, Inc. *(Note (vii))*	Sales of products	US	July 31, 2013	Note (viii)	–	100%
Growatt New Energy B.V *(Note (ix))*	Sales of products	The Netherlands	November 22, 2018	EUR10,000	–	100%

Notes:

(i) The official names of these entities are in Chinese. The English translation of the names are for reference only.

(ii) The financial statements of the subsidiaries of the Company for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

(iii) The financial statements of the entity were audited by RSM China CPA LLP, Shenzhen Branch for the years ended December 31, 2023, 2024 and 2025.

(iv) The financial statements of the entity were audited by Stanley S.L. Chan & Co. for the years ended December 31, 2023 and 2024. The audited financial statements of the entity for the year ended December 31, 2025 have not been available at the date of this report.

(v) The financial statements of the entity were audited by TEIL MAPLETON CPA & Co. and WWC Professional Corporation Limited for the years ended December 31, 2023 and 2024, respectively. The audited financial statements of the entity for the year ended December 31, 2025 have not been available at the date of this report.

(vi) The financial statements of the entity were audited by ASCO Firm Auditing and Valuation Company Limited, Hai Phong Branch for the year ended December 31, 2023 and by Independent Auditing Consulting Co., Ltd, Hanoi Branch for the years ended December 31, 2024 and 2025.

(vii) The financial statements of the entity were audited by Wei, Wei & Co., LLP for the years ended December 31, 2023 and 2024. The audited financial statements of the entity for the year ended December 31, 2025 have not been available at the date of this report.

(viii) The entity was authorized to issue and had issued 1,500 shares with no par value.

(ix) The financial statements of the entity were audited by The Audit Company B.V. for the years ended December 31, 2023 and 2024. The audited financial statements of the entity for the year ended December 31, 2025 have not been available at the date of this report.

(x) Listed above subsidiaries are limited liability companies and have adopted December 31 as their financial year end date.

(b) Investments in subsidiaries—the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted shares, at cost	1,810,543	1,810,543	1,813,159

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings	Machinery and equipment	Motor vehicles	Furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At January 1, 2023	232,680	202,807	16,229	17,837	13,544	102,070	585,167
Additions	1,651	198,631	5,161	29,231	39,618	229,964	504,256
Disposals	(2,204)	(18,424)	(118)	(618)	(9,910)	–	(31,274)
Internal transfers	1,847	53,154	–	1,740	22,595	(79,336)	–
Transfers *(Note 15)*	–	–	–	–	–	(6,898)	(6,898)
Disposal of a subsidiary	–	–	–	(56)	–	–	(56)
Exchange realignment	5	(168)	33	1	(114)	(240)	(483)
At December 31, 2023 and January 1, 2024	233,979	436,000	21,305	48,135	65,733	245,560	1,050,712
Additions	48,058	47,813	5,048	1,766	1,971	140,719	245,375
Disposals	–	(9,834)	(1,444)	(1,735)	(18,338)	(2,624)	(33,975)
Internal transfers	44,872	98,308	4,758	1,382	17,401	(166,721)	–
Transfers *(Note 15)*	–	–	–	–	–	(1,267)	(1,267)
Exchange realignment	(22)	(664)	(71)	(109)	(336)	(677)	(1,879)
At December 31, 2024 and January 1, 2025	326,887	571,623	29,596	49,439	66,431	214,990	1,258,966
Additions	4,616	16,361	2,661	1,715	1,008	143,746	170,107
Disposals	–	(14,731)	(1,814)	(1,471)	(31,426)	–	(49,442)
Internal transfers	1,221	20,701	–	23	97	(22,042)	–
Transfers *(Note 15)*	–	–	–	–	–	(158)	(158)
Reclassification	–	(49)	–	49	–	–	–
Exchange realignment	72	(1,773)	108	(33)	(496)	(310)	(2,432)
At December 31, 2025	332,796	592,132	30,551	49,722	35,614	336,226	1,377,041

	Plant and buildings	Machinery and equipment	Motor vehicles	Furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment:							
At January 1, 2023	19,446	69,898	3,025	5,683	6,476	–	104,528
Charge for the year	5,940	43,636	4,222	7,582	13,634	–	75,014
Written back on disposals	(3)	(1,072)	(116)	(514)	(3,985)	–	(5,690)
Disposal of a subsidiary	–	–	–	(30)	–	–	(30)
Exchange realignment	4	(400)	3	43	(22)	–	(372)
At December 31, 2023 and January 1, 2024	25,387	112,062	7,134	12,764	16,103	–	173,450
Charge for the year	19,183	78,796	5,635	10,073	23,585	–	137,272
Written back on disposals	–	(2,661)	(1,164)	(683)	(6,147)	–	(10,655)
Exchange realignment	(5)	(100)	(55)	(12)	(647)	–	(819)
At December 31, 2024 and January 1, 2025	44,565	188,097	11,550	22,142	32,894	–	299,248
Charge for the year	19,907	80,391	7,184	9,259	10,414	–	127,155
Written back on disposals	–	(6,735)	(939)	(876)	(15,368)	–	(23,918)
Reclassification	–	(29)	–	29	–	–	–
Impairment loss *(Note (a))*	–	1,471	–	–	–	–	1,471
Exchange realignment	6	(371)	40	(16)	(174)	–	(515)
At December 31, 2025	64,478	262,824	17,835	30,538	27,766	–	403,441
Net book value:							
At December 31, 2023	208,592	323,938	14,171	35,371	49,630	245,560	877,262
At December 31, 2024	282,322	383,526	18,046	27,297	33,537	214,990	959,718
At December 31, 2025	268,318	329,308	12,716	19,184	7,848	336,226	973,600

Notes:

(a) During the year ended 31 December 2025, the Group identified certain items of property, plant and equipment that had become temporarily idle as a result of relocation of production lines. These items are expected to be redeployed and are not intended for disposal and their recoverable amounts were assessed based on value in use, estimated using the remaining useful lives reassessed by the Group's engineering department. Impairment losses of approximately RMB1,471,000 were recognized in total. The net book value of these idle items of property, plant and equipment at the time of impairment recognition were approximately RMB2,657,000 in total.

(b) During the years ended December 31, 2023, 2024 and 2025, the Group capitalized borrowing costs amounting to approximately RMB56,000, RMB2,017,000 and RMB1,772,000, respectively, on qualifying assets. Borrowing costs for the years ended December 31, 2023, 2024 and 2025 were capitalized at the weighted average rate of its specific borrowings of 3.02%, 2.40% and 1.92%, respectively.

14 RIGHT-OF-USE ASSETS

The Group as a lessee

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Land use rights *(Note (a))*	Other properties *(Note (b))*	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Costs:				
At January 1, 2023	80,401	270,281	–	350,682
Additions	1,406	43,486	–	44,892
Early termination	–	(76,074)	–	(76,074)
Exchange realignment	–	293	–	293
At December 31, 2023 and January 1, 2024	81,807	237,986	–	319,793
Additions	–	6,817	595	7,412
Early termination	–	(53,486)	–	(53,486)
Exchange realignment	–	(1,875)	(14)	(1,889)
At December 31, 2024 and January 1, 2025	81,807	189,442	581	271,830
Additions	–	18,102	–	18,102
Early termination	–	(62,762)	–	(62,762)
Exchange realignment	–	(516)	55	(461)
At December 31, 2025	81,807	144,266	636	226,709
Accumulated depreciation:				
At January 1, 2023	4,079	29,078	–	33,157
Charge for the year	2,300	55,207	–	57,507
Early termination	–	(16,486)	–	(16,486)
Exchange realignment	–	49	–	49
At December 31, 2023 and January 1, 2024	6,379	67,848	–	74,227
Charge for the year	2,280	49,432	78	51,790
Early termination	–	(17,563)	–	(17,563)
Exchange realignment	–	(521)	(2)	(523)
At December 31, 2024 and January 1, 2025	8,659	99,196	76	107,931
Charge for the year	2,280	40,357	326	42,963
Early termination	–	(39,128)	–	(39,128)
Exchange realignment	–	(210)	13	(197)
At December 31, 2025	10,939	100,215	415	111,569
Net book value:				
At December 31, 2023	75,428	170,138	–	245,566
At December 31, 2024	73,148	90,246	505	163,899
At December 31, 2025	70,868	44,051	221	115,140

Notes:

(a) Land use rights are held for own use. The Group has obtained the right to use certain leasehold land between 30 and 50 years in the PRC. Lump sum payments were made upfront to acquire these land use right interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

(b) Other properties are leased for own use. The Group has obtained the right to use other properties as its offices, production building, housing and warehouses through tenancy agreements. The leases typically run for an initial period of 2 to 10 years.

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation	57,507	51,790	42,963
Interest expense on lease liabilities	11,124	6,694	3,198
Expenses relating to short-term leases or leases of low-value assets	3,737	3,560	4,576

As at December 31, 2023, 2024 and 2025, certain land use rights amounting to approximately RMB46,026,000, RMB44,416,000 and RMB42,805,000, respectively, were pledged for bank borrowings granted to the Group.

Details of the maturity analysis of lease liabilities and total cash outflow for leases are set out in Note 36(b) and Note 38(d), respectively.

15 INTANGIBLE ASSETS

	Software
	RMB'000
Cost:	
At January 1, 2023	27,575
Additions	12,574
Transfers *(Note 13)*	6,898
Exchange realignment	(1)
At December 31, 2023 and January 1, 2024	47,046
Additions	699
Transfers *(Note 13)*	1,267
Exchange realignment	(6)
At December 31, 2024 and January 1, 2025	49,006
Additions	8,582
Transfers *(Note 13)*	158
Exchange realignment	(7)
At December 31, 2025	57,739
Accumulated amortization:	
At January 1, 2023	5,045
Charge for the year	9,361
At December 31, 2023 and January 1, 2024	14,406
Charge for the year	10,253
At December 31, 2024 and January 1, 2025	24,659
Charge for the year	9,285
Exchange realignment	(2)
At December 31, 2025	33,942
Net book value:	
At December 31, 2023	32,640
At December 31, 2024	24,347
At December 31, 2025	23,797

16 INVESTMENTS IN ASSOCIATES

The following set out the particulars of the Group's associates all of which are unlisted corporate entities with no quoted market price:

			Proportion of ownership interest									
						Held by the Company						
	Place of establishment and business	Particulars of issued and paid-in capital	Group's effective interest			Directly held			Indirectly held			
Name of company			2023	2024	2025	2023	2024	2025	2023	2024	2025	Principal activities
Shenzhen Atess Power Technology Co., Ltd* (深圳時代能創能源科技有限公司) ("Shenzhen Atess Power") *(Note (a))*	The PRC	USD4.0 million	42.5%	38.3%	38.3%	–	–	–	42.5%	38.3%	38.3%	Manufacturing of Smart EV Chargers and Unmanned Aerial Vehicles
Shenzhen Tiannengjian Electrical Technology Co., Ltd.* (深圳市天能健電氣技術有限公司) ("Shenzhen Tiannengjian")	The PRC	RMB6.3 million	20.0%	20.0%	20.0%	–	–	–	20.0%	20.0%	20.0%	Manufacturing of Electric Motorcycle Electrical & Control System
Shenzhen Guruibao New Energy Co., Ltd.* (深圳古瑞寶新能源有限公司) ("Shenzhen Guruibao") *(Note (b))*	The PRC	RMB6.2 million	–	35.0%	35.0%	–	–	–	–	35.0%	35.0%	Manufacturing of Charging Modules

* The official names of these entities are in Chinese. The English translation of the names are for reference only.

Notes:

(a) In May 2024, Shenzhen Atess Power increased its registered capital from USD3.6 million to USD4.0 million. The Group's effective interest proportionally decreased from 42.5% to 38.3%.

(b) In May 2024, the Group acquired newly increased registered capital of Shenzhen Guruibao for cash consideration of RMB12,000,000. The investment represents an effective interest of 35.0% of the investee after completion.

Reconciliation to the carrying amounts of the Group's interest in the Historical Financial Information is disclosed below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
As at January 1	40,517	98,548	107,192
Additions	10,000	12,000	–
Share of profits/(losses) during the year	46,132	(2,354)	(7,506)
Others	1,899	(1,002)	(422)
As at December 31	98,548	107,192	99,264

As at December 31, 2023, 2024 and 2025, these investments in associates are immaterial to the Group, both individually and in aggregate.

17 INVENTORIES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	558,650	417,048	382,550
Work-in-progress	153,978	132,065	131,509
Finished goods	1,611,801	1,072,849	1,101,081
	2,324,429	1,621,962	1,615,140
Less: provision for impairment of inventories	(151,367)	(135,995)	(77,923)
	2,173,062	1,485,967	1,537,217

The analysis of the amount of inventories recognized as cost of sales and included in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	3,464,240	3,194,555	3,761,586
Provision for impairment for the year	151,916	109,263	88,978
	3,616,156	3,303,818	3,850,564

18 TRADE AND NOTES RECEIVABLES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	862,211	708,270	628,200
Notes receivable	214,073	166,585	221,770
	1,076,284	874,855	849,970
Less: loss allowance	(10,356)	(32,514)	(25,020)
	1,065,928	842,341	824,950

All of the trade receivables are expected to be recovered within one year. All notes receivable are issued by licensed banks in the PRC with maturities within 6 months.

Financial assets that are not derecognized in their entirety

As part of its ordinary business activities, the Group discounted and endorsed certain notes receivable accepted by banks (the "Discounted and Endorsed Notes") with carrying amounts of approximately RMB175,473,000, RMB125,884,000 and RMB192,179,000 to certain banks and certain of its suppliers as at December 31, 2023, 2024 and 2025 respectively. In the opinion of the Directors, the Group has retained substantially all the risks and rewards, which include default risks relating to such Discounted and Endorsed Notes, and accordingly, it has continued to recognize the full carrying amounts of the Discounted and Endorsed Notes and recognized the associated borrowings or other payables. Subsequent to the discounting and endorsing, the Group did not retain any rights over the use of the Discounted and Endorsed Notes, including the sale, transfer or pledge of the Discounted and Endorsed Notes to any other third parties.

Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables based on invoice date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	767,306	548,098	557,880
6 months to 1 year	86,450	110,605	32,027
1 year to 2 years	7,271	45,917	33,169
2 years to 3 years	1,084	3,238	3,234
Above 3 years	100	412	1,890
	862,211	708,270	628,200

Trade receivables are generally due within 30 to 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 36(a).

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for property, plant and equipment	18,867	3,882	3,857
Others	6,327	707	360
	25,194	4,589	4,217
Current			
Other receivables *(Note)*			
– Deposits receivables	38,348	31,617	58,471
– Amounts due from related parties *(Note 41(d))*	433	434	394
– Others	10,635	26,716	29,705
Less: allowance for impairment	(2,475)	(3,747)	(5,037)
	46,941	55,020	83,533
VAT recoverable	147,921	107,571	94,101
Prepaid corporate income tax	85,881	56,710	40,848
Prepayments for materials and expenses	41,132	34,667	47,333
Right to recover returned goods	8,792	7,211	7,359
Other prepayments	1	828	1,816
	330,668	262,007	274,990

Note: Further details on the Group's credit policy and credit risk arising from other receivables are set out in Note 36(a).

20 FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits and bank wealth management products ("WMPs") *(Note (a))*	100,000	207,918	267,624
Listed equity securities *(Note (b))*	–	10,242	21,417
	100,000	218,160	289,041

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Listed equity securities *(Note (b))*	–	10,242	21,417

Notes:

(a) As at December 31, 2023, 2024 and 2025, the structured deposits and bank WMPs held by the Group generally have a pre-set maturity and expected return, with its underlying assets being a combination of different investment portfolios in the PRC and are managed by reputable licensed banks in the PRC.

They are classified as financial assets at FVTPL on initial recognition as their contractual cash flows are not solely payments of principal and interest. The Group evaluates fair value of these products in accordance with the accounting policy set out in Note 37.

The fair value of these products is positively correlated to the expected return rates. As at December 31, 2023, 2024 and 2025, the contractual expected return rates of these products range from 1.95% to 2.95%, 2.05% to 3.40% and 1.5% to 2.3% per annum, respectively.

The structured deposits and bank WMPs are classified as current assets as the Group expects to realize these financial assets within twelve months after each reporting period.

(b) As at December 31, 2024 and 2025, listed equity securities represent securities listed in US which are held for trading.

21 FINANCIAL ASSETS AT FVTOCI

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Transferable large denomination certificates of deposits *(Note (a))*	–	343,691	535,639
Unlisted equity investment *(Note (b))*	419	428	1,959
	419	344,119	537,598
Current			
Notes receivable measured at FVTOCI *(Note (c))*	30,608	65,013	6,946

Notes:

(a) Transferable large denomination certificates of deposit where the contractual cash flows are solely payments of principal and interest, and the objective of the Group's business model is achieved both by collecting contractual cash flows and by selling financial assets.

As at December 31, 2024 and 2025, transferable large denomination certificates of deposit amounted to RMB140,000,000 and RMB350,000,000, respectively, were pledged for issuance of notes.

(b) The Group irrevocably elected at initial recognition to recognize the unlisted equity investment not held for trading as financial assets at FVTOCI. This is a strategic investment and the Group considered this classification to be more relevant. The fair value of the unlisted equity investment was measured at level 3 of fair value hierarchy (Note 37).

(c) The balance represents notes receivable held by the Group, which are issued or guaranteed by reputable licensed banks in the PRC with high credit ratings. The notes receivable had maturities of within six months at the end of each reporting period. The notes receivable are measured at FVTOCI since they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group believes that the notes receivable do not expose it to significant credit risk and will not result in significant losses in the event of bank default. The changes in the fair value of the notes receivable are minimal due to their short-term nature.

Financial assets that are derecognized in their entirety

As part of its ordinary business activities, the Group discounted and endorsed certain notes receivable accepted by banks (the "Discounted and Endorsed Notes") with carrying amounts of approximately RMB361,376,000, RMB507,357,000 and RMB592,116,000 as at December 31, 2023, 2024 and 2025 respectively. The Discounted and Endorsed Notes had maturities within six months at the end of each year during the Track Record Period. In accordance with the Negotiable Instruments Law of the People's Republic of China, holders of the Discounted and Endorsed Notes may exercise recourse rights against any, several or all of the persons liable in respect of such notes, including the Group, without regard to order of precedence (the "Continuing Involvement"). The Directors are of the opinion that the risk of the Group being subject to claims by holders of the Discounted and Endorsed Notes is remote in the absence of a default by the accepting banks. The Group has transferred substantially all the risks and rewards relating to the Discounted and Endorsed Notes. Accordingly, the Group has derecognized the full carrying amounts of such notes receivable and the related trade payables. The maximum exposure to loss arising from the Group's Continuing Involvement in the Discounted and Endorsed Notes, representing the undiscounted cash flows for repurchasing such notes, is equal to their carrying amounts. The Directors are of the opinion that the fair value of the Group's Continuing Involvement in the Discounted and Endorsed Notes is not material.

22 CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED BANK DEPOSITS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	1,724,814	1,934,874	2,827,491
Less: time deposits with initial term over three months and within one year *(Note (b))*	(238,811)	(195,750)	(431,271)
Less: restricted bank deposits *(Note (c))*	(35,998)	(71,211)	(111,851)
Cash and cash equivalents	1,450,005	1,667,913	2,284,369

Notes:

(a) As at December 31, 2023, 2024 and 2025, total bank deposits placed with licensed banks in Chinese Mainland amounted to approximately RMB1,381,855,000, RMB1,643,578,000 and RMB1,742,943,000, respectively. Remittance of funds out of Chinese Mainland is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) As at December 31, 2023, 2024 and 2025, the Group's time deposits with initial term over three months and within one year are placed with reputable licensed banks in Chinese Mainland and denominated in RMB. As at December 31, 2023, 2024 and 2025, time deposits of RMB158,811,000, RMB195,750,000 and RMB431,271,000 are pledged for issuance of notes, forward currency contracts and foreign currency option contracts and certain bank borrowings.

(c) As at December 31, 2023, 2024 and 2025, restricted bank deposits mainly included bank deposits pledged for issuance of notes and forward currency contracts and foreign currency option contracts.

Denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,087,607	857,458	578,070
USD	522,078	621,528	1,762,129
EUR	61,800	365,653	279,588
HKD	1,858	3,391	166,156
British Pound ("GBP")	36,841	73,692	24,038
Others	14,630	13,152	17,510
	1,724,814	1,934,874	2,827,491

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	184,012	37,441	37,040

Denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	183,984	37,441	37,040
HKD	28	–	–
	184,012	37,441	37,040

23 TRADE AND NOTES PAYABLES

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	540,879	631,426	611,104
Notes payable	619,918	707,324	1,170,585
	1,160,797	1,338,750	1,781,689

The credit period granted by suppliers is generally within 90 days. All of the trade and notes payables are expected to be settled within one year or are repayable on demand.

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	539,667	624,689	609,675
1 year to 2 years	1,137	5,791	1,044
Over 2 years	75	946	385
	540,879	631,426	611,104

24 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Endorsed notes receivable without been derecognized and not yet due	175,473	125,884	192,179
Payables for long-term assets	78,898	24,417	37,212
Sales rebate accruals	34,886	26,619	37,751
Refund liabilities	14,180	10,763	11,150
Dividends payable to ordinary shareholders *(Note 34(c))*	99,312	–	–
Dividends payable to holders of convertible preferred shares *(Note 34(c))*	6,929	–	–
Amount due to a related party *(Note 41(d))*	–	800	–
Others	102,418	61,570	47,511
Payroll payables	120,872	82,871	100,812
VAT and other tax payables	17,801	18,336	21,274
	650,769	351,260	447,889

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividends payable to ordinary shareholders *(Note 34(c))*	99,312	–	–
Dvidends payable to holders of convertible preferred shares *(Note 34(c))*	6,929	–	–
Others	2,118	64	70
	108,359	64	70

25 CONTRACT LIABILITIES

The Group recognized the following contract liabilities related to the contracts with customers:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advance payments from customers	214,104	123,270	305,677

The following table shows how much of the Group's revenue 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 contract liabilities balance at the beginning of the year	143,169	161,131	101,937

Contract liabilities of the Group mainly represent the advance payments from customers while the underlying goods are yet to be delivered. A majority portion of contract liabilities balance at the beginning of the year will be recognized into revenue within during one year.

26 BORROWINGS

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank borrowings			
– unsecured and guaranteed *(Note (a))*	15,115	15,095	112,561
– secured and guaranteed *(Note (b))*	35,035	85,080	70,607
– secured and unguaranteed *(Note (c))*	100,000	100,000	60,000
– unsecured and unguaranteed	–	–	40,000
	150,150	200,175	283,168
Non-current			
Bank borrowings			
– unsecured and guaranteed *(Note (a))*	127,500	112,500	–
– secured and guaranteed *(Note (b))*	7,586	22,317	–
	135,086	134,817	–
	285,236	334,992	283,168

Notes:

(a) As at December 31, 2023, 2024 and 2025, bank borrowings of approximately RMB142,615,000, RMB127,595,000 and RMB112,561,000, respectively, were guaranteed by Growatt Shenzhen and Growatt Guangdong.

(b) As at December 31, 2023, 2024 and 2025, bank borrowings of approximately RMB42,621,000, RMB107,397,000 and RMB70,607,000, respectively, were guaranteed by Growatt Shenzhen and Growatt Guangdong and collateralized by a mortgage of right-of-use assets of approximately RMB46,026,000, RMB44,416,000 and RMB42,805,000, respectively.

(c) As at December 31, 2023, 2024 and 2025, the Group had unguaranteed bank borrowings of RMB100,000,000, RMB100,000,000 and RMB60,000,000, respectively, pledged by time deposits of RMB30,000,000, RMB100,000,000 and RMB60,000,000, respectively.

At December 31, 2023, 2024 and 2025, the bank borrowings were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	150,150	200,175	283,168
Over 1 year but within 2 years	22,586	134,817	–
Over 2 years but within 3 years	112,500	–	–
	285,236	334,992	283,168

As at December 31, 2023, 2024 and 2025, the Group's borrowings were denominated in RMB and the carrying amounts approximated to their fair values.

Further details of the Group's management of liquidity risk are set out in Note 36(b).

27 LEASE LIABILITIES

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments	198,291	105,911	51,528
Future interest expense on lease liabilities	(16,155)	(5,460)	(2,432)
	182,136	100,451	49,096
Less: non-current portion	(131,615)	(52,475)	(24,804)
Current portion	50,521	47,976	24,292

Further details of the Group's management of liquidity risk are set out in Note 36(b).

28 PROVISIONS

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Warranty provisions	225,433	201,289	204,268
Others	–	–	1,185
	225,433	201,289	205,453
Less: non-current portion of warranty provisions	(83,290)	(86,555)	(77,570)
Current portion	142,143	114,734	127,883

The movements of provisions during the Track Record Period are as follows:

	Warranty provisions (Note)	Others	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	184,399	–	184,399
Provision for the year	337,514	–	337,514
Utilization during the year	(298,688)	–	(298,688)
Exchange realignment	2,208	–	2,208
At December 31, 2023 and January 1, 2024	225,433	–	225,433
Provision for the year	262,137	–	262,137
Utilization during the year	(286,369)	–	(286,369)
Exchange realignment	88	–	88
At December 31, 2024 and January 1, 2025	201,289	–	201,289
Provision for the year	206,922	1,185	208,107
Utilization during the year	(204,011)	–	(204,011)
Exchange realignment	68	–	68
At December 31, 2025	204,268	1,185	205,453

Note: The products of the Group are typically sold with a one-to-ten year warranty for product defects. The warranty provision represents management's best estimate of the Group's commitments arising from products sold, based on past claims.

29 FINANCIAL LIABILITIES AT FVTPL

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Forward currency contracts and foreign currency option contracts	–	2,122	21,217

Note:

The Group entered into forward currency contracts and foreign currency option contracts with certain banks to mitigate the currency risk arising from certain of its receivables denominated in USD and EUR.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current tax liabilities in the consolidated statements of financial position represents:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Corporate income tax	20,794	27,108	28,642

(b) Deferred tax assets and liabilities recognized:

(i) Reconciliation to the consolidated statements of financial position

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 balances shown in the consolidated statements of financial position, after appropriate offsetting, are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	214,340	236,737	240,533
Deferred tax liabilities	(22,247)	(9,181)	(9,488)
Net deferred tax assets	192,093	227,556	231,045

(ii) ***Movements of each component of deferred tax assets and liabilities***

The components of deferred tax assets/(liabilities) recognized in the consolidated statements of financial position and the movements during the years ended December 31, 2023, 2024 and 2025 are as follows:

	Provision for impairment of assets	Loss allowance for receivables	Unrealised intra-group profit	Accumulated tax losses	Accrued liabilities	Lease liabilities	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	2,081	436	159,659	509	50,868	27,545	(26,227)	832	215,703
Credited/(charged) to profit or loss *(Note 9(a))*	11,070	1,856	(38,935)	12,225	(10,641)	(3,967)	4,107	(145)	(24,430)
Exchange realignment	51	12	–	233	521	100	(97)	–	820
At December 31, 2023 and January 1, 2024	13,202	2,304	120,724	12,967	40,748	23,678	(22,217)	687	192,093
Credited/(charged) to profit or loss *(Note 9(a))*	(1,067)	3,285	(75,119)	115,440	(4,200)	(14,563)	13,706	(882)	36,600
Exchange realignment	30	28	–	(1,172)	(14)	(163)	154	–	(1,137)
At December 31, 2024 and January 1, 2025	12,165	5,617	45,605	127,235	36,534	8,952	(8,357)	(195)	227,556
(Charged)/credited to profit or loss *(Note 9(a))*	(2,759)	(1,718)	10,016	(3,359)	459	(1,969)	1,702	(2,207)	165
Exchange realignment	(108)	(34)	–	3,356	97	138	(125)	–	3,324
At December 31, 2025	9,298	3,865	55,621	127,232	37,090	7,121	(6,780)	(2,402)	231,045

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 3.2, the Group has not recognized deferred tax assets in respect of temporary differences and cumulative tax losses of certain subsidiaries as it is not probable that future taxable profits against which the losses or temporary differences can be utilized will be available in the relevant tax jurisdiction and entity.

The following table presents the Group's cumulative tax losses and deductible temporary differences for which deferred tax assets were not recognized at the end of each reporting period:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cumulative tax losses	151,910	298,107	332,593
Cumulative temporary differences	81,226	63,747	63,754
	233,136	361,854	396,347

The expiry dates of the cumulative tax losses are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2027	8,565	6,785	6,785
2028	76,406	70,054	70,054
2029	–	11,703	11,703
2030	–	–	35,174
No expiry date	66,939	209,565	208,877
	151,910	298,107	332,593

(d) Deferred tax liabilities not recognized

At December 31, 2023, 2024 and 2025, the Group did not recognize deferred tax liabilities in respect of distributable profits of the Group's subsidiaries. Although the Group expects to distribute profit after [**REDACTED**], the distributable profits will be principally contributed by the operation profits of its PRC subsidiaries. As the Group controls the timing of the reversal of temporary differences associated with undistributed profits of its subsidiaries and it has been determined that it is probable that the undistributed profits earned by the Group's subsidiaries in the PRC will not be distributed in the foreseeable future, therefore no deferred tax liabilities arisen from above mentioned undistributed profits not probable to be distributed in the foreseeable future was recognized as at December 31, 2023, 2024 and 2025, the Group did not recognize deferred tax liabilities in respect of distributable profits amounted to approximately RMB2,943,505,000, RMB3,070,414,000, and RMB3,266,322,000 of the Group's subsidiaries respectively.

31 DEFERRED INCOME

As at December 31, 2023, 2024 and 2025, deferred income represented unamortized government grants amounting to approximately RMB3,615,000, RMB3,472,000, and RMB2,958,000.

32 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

During the year ended December 31, 2022, the Company issued 89,156,022 convertible preferred shares in the Company at a total consideration of RMB900,000,000.

The movements of the convertible preferred shares during the Track Record Period are as follows:

	Convertible preferred shares
	RMB'000
The Group and the Company	
At January 1, 2023	1,295,708
Change in fair value through profit or loss	(361,866)
Change in fair value due to own credit risk recognised in other comprehensive income ("OCI")	(21,331)
At December 31, 2023 and January 1, 2024	912,511
Change in fair value through profit or loss	29,081
Change in fair value due to own credit risk recognised in OCI	(7,533)
At December 31, 2024 and January 1, 2025	934,059
Change in fair value through profit or loss	67,417
Change in fair value due to own credit risk recognised in OCI	3,780
At December 31, 2025	1,005,256

The key terms of the convertible preferred shares are summarised as follows:

(a) Conversion features

Optional conversion

Any preferred share may, at the option of the holder, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully paid-up and non-assessable Class A shares based on a predetermined conversion price.

Automatic Conversion

Each preferred share shall automatically be converted into Class A ordinary shares, at the then applicable conversion price immediately prior to the completion of an [**REDACTED**] ("[**REDACTED**]"). The conversion rate shall be determined by dividing the applicable preferred share issue price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the applicable preferred share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect share dividends, share subdivisions and other events.

(b) Preferential rights to dividend

The holders of convertible preferred shares are entitled to receive non-cumulative dividends out of legally available funds, on an as-converted and pro-rata basis, when and if declared by the Board of Directors, in preference over the holders of ordinary shares or any other junior class of shares. No dividends or distributions shall be declared or paid on any junior class of shares unless an equivalent dividend is simultaneously declared or paid on all outstanding convertible preferred shares on an as-converted basis.

(c) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or the consummation of a deemed liquidation event, all assets and funds of the Company legally available for distribution to shareholders (after satisfaction of all creditors' claims) shall be distributed as follows:

First, each holder of Series A Preferred Shares shall be entitled to receive, in preference to any distribution to holders of any junior class of shares, an amount per share equal to the greater of (i) 100% of the Series A Original Issue Price, plus an annual simple interest of 5% accrued thereon from the Series A Original Issue Date to the date of payment, plus all declared but unpaid dividends thereon, and (ii) such amount as would have been payable had all Series A Preferred Shares been converted into Class A Ordinary Shares immediately prior to such liquidation, dissolution, winding up or deemed liquidation event. If the assets and funds are insufficient to permit payment in full, they shall be distributed ratably among the holders of Series A Preferred Shares in proportion to their respective entitlements.

Second, any remaining assets and funds shall be distributed ratably among all holders of Ordinary Shares on a pro rata basis.

A deemed liquidation event includes (i) any consolidation or merger of the Company resulting in the existing shareholders holding less than 50% of the Company's voting power in aggregate immediately after such transaction; (ii) the sale, lease, transfer, exclusive licence or other disposition of all or substantially all of the assets of the Group; or (iii) the exclusive and irrevocable licence of all material intellectual property of the Group to any third party. A deemed liquidation event may be waived in writing by the Series A Majority at least ten (10) Business Days prior to the effective date of such event.

(d) Anti-dilution rights

If the Company issues new equity securities at a price per share (on an as-converted basis) below the then-effective Series A conversion price, such conversion price shall be adjusted downward pursuant to a broad-based weighted average formula, so that the Preferred Shares shall be convertible into a greater number of Class A ordinary shares.

Certain issuances are excluded from triggering this adjustment, including shares issued upon conversion of existing convertible securities, conversion of Class B ordinary shares, in connection with share subdivisions or share dividends, upon [**REDACTED**], under the employee share incentive plan, or in connection with qualified acquisitions.

Based on the features above, the Group has designated the above convertible preferred shares as financial liabilities at FVTPL.

The Company issued certain convertible preferred shares to certain investors. Under the terms of the investment agreements, the Company is obligated to distribute its assets and funds to the holders of the convertible preferred shares in preference to ordinary shareholders upon the occurrence of certain contingent events (including liquidation, dissolution, winding up of the Company, whether voluntary or involuntary, or certain deemed liquidation events) which are beyond the control of the Company. As such, the Company does not have an unconditional right to avoid delivering cash or other financial assets to the holders, rendering the convertible preferred shares a financial liability of both the Group and the Company.

Since the conversion price is subject to anti-dilution adjustments, the conversion feature does not meet the "fixed-for-fixed" criteria to be classified as equity. To reflect the economic substance of the entire instruments, the Group does not bifurcate any embedded derivatives from the host instruments of convertible preferred shares and designates the entire instruments as a financial liability at FVTPL at the date of issue. Subsequent to initial recognition, convertible preferred shares are carried at fair value with changes in the fair value recognized in profit or loss, except for the gains or losses arising from the Company's own credit risk which are recognized in OCI. The amounts recognized in OCI are not reclassified subsequently to profit or loss but transferred to retained earnings when the convertible preferred shares are converted into ordinary shares.

As the convertible preferred shares are not traded in an active market, the Group engages an independent professional valuer to assess the fair value of convertible preferred shares as of the date of issuance and at the end of each reporting period, using a DCF model to determine the underlying equity value of the Company and adopts equity allocation model to determine the fair value of convertible preferred shares. Details of fair value measurement are set out in Note 37(a).

If convertible preferred shares are converted, either optionally or automatically, into ordinary shares whereby the preferential rights are terminated, the carrying amount of the financial liability at conversion date will be transferred to equity.

33 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the Track Record Period as part of employee benefits expense were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Equity settled share-based payment expenses	20,130	–	2,616

(b) Share incentive schemes

During the Track Record Period, Sunwave Capital Co., Ltd., acting as the Group's employee shareholding platform, purchased an aggregate of 14,570,000 awarded shares from former eligible employees who had left the Group.

For the year ended December 31, 2023, the Group granted a total of 3,300,000 share awards to eligible participants at a subscription price of RMB1.40 per share. These share awards were not subject to any service conditions and became fully vested upon grant. For the year ended December 31, 2025, the Group granted a total of 11,210,000 share awards to eligible participants at a subscription price of RMB1.40 per share, which are subject to a three-year service condition.

At the end of each reporting period, the Group revises its estimates of the number of granted shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

See Note 3.2 for the other accounting policy information relevant to share-based compensation.

Movements in the number of outstanding shares granted during the Track Record Period are as follows:

	'000
As at January 1, 2023	–
Granted	3,300
Exercised	(3,300)
As at December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	–
Granted	11,210
Exercised	–
As at December 31, 2025	11,210

(c) Fair value of shares granted

The share-based payment expenses are determined based on the fair value and grant price at respective grant dates and other related estimates. The fair value of shares at the grant dates was determined by reference to the fair value of the underlying ordinary shares on the dates of grant, which were valued by the third-party independent valuer using DCF method. The fair value of the underlying ordinary shares was RMB7.50 per share and RMB9.80 per share for grants made in 2023 and 2025, respectively. The DCF method involves applying appropriate discount rate, to discount the future cash flow forecast to present value. Key assumptions are set as below:

	As at December 31,		
	2023	2024	2025
Discount rate	16.00%	N/A	15.00%
Terminal growth rate	2.00%	N/A	2.00%

34 CAPITAL, RESERVES AND DIVIDENDS

The Group and the Company

(a) Share capital and capital reserve

The Company was incorporated under the laws of the Cayman Islands on June 15, 2021 as an exempted company with limited liability. Upon incorporation, the authorized share capital was US$50,000 divided into 5,000,000,000 ordinary shares, with par value of US$0.00001 each, and issued one ordinary share, credited as fully paid.

On June 18, 2021, the Company issued 1,136,902,979 fully paid-up shares with a par value of US$0.00001.

On July 13, 2021, the authorized share capital of the Company was varied and reclassified from US$50,000 divided into 5,000,000,000 shares with a par value of US$0.00001 each to US$50,000 divided into (i) 4,850,000,000 Class A Shares of US$0.00001 each and (ii) 150,000,000 Class B Shares of US$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A and a Class B Share is entitled to one vote per share and ten votes per share on any resolution tabled at the Company's general meetings respectively, the weighted voting rights of which will be relinquished upon [**REDACTED**] and all the Class A and Class B Shares will be re-designated as ordinary shares upon [**REDACTED**]. As a result of the re-designation, all ordinary shares held by the shareholders were cancelled and the Company issued 986,902,980 Class A shares and 150,000,000 Class B shares, and the Company further issued 141,000,000 Class A shares on the same day.

During the year ended December 31, 2022, 89,156,022 of the authorized but unissued Class A Ordinary Shares were re-classified and redesignated as Series A Preferred Shares each with a par value of US$0.00001 and the Company issued 89,156,022 convertible preferred shares in the Company at a total consideration of RMB900,000,000 (Note 32).

The changes in the Company's authorized, issued and fully paid share capital are as follows:

	Number of shares	Share capital
	'000	*RMB'000*
Authorized shares:		
At January 1, 2023, December 31, 2023, 2024 and 2025		
– Class A Ordinary	4,760,844	
– Class B Ordinary	150,000	
– Series A Preferred	89,156	
	5,000,000	
Issued ordinary shares, fully paid:		
At January 1, 2023, December 31, 2023, 2024 and 2025		
– Class A Ordinary	1,127,903	73
– Class B Ordinary	150,000	10
	1,277,903	83

The capital reserve comprises: (i) share premium account, representing the differences between the net considerations received and the nominal amount of share capital issued by the Company; (ii) capital contributions from owners of the Company, (iii) deemed distribution arising from business restructuring and reorganization in 2021, (iv) share-based payment reserve, and (v) amounts arising from transactions with NCI, representing the differences between carrying amount of NCI acquired and consideration payable to NCI.

(b) Movements in components of equity of the Company

Details of the changes in the Company's individual components of equity are set out below:

	Share capital	Capital reserve	Other reserves	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	83	911,028	–	(432,151)	478,960
Profit for the year	–	–	–	333,442	333,442
Fair value changes of financial instruments issued to investors due to own credit risk	–	–	21,331	–	21,331
Equity settled share-based payment expenses	–	20,130	–	–	20,130
Dividends declared	–	(99,312)	–	–	(99,312)
Balance at December 31, 2023 and January 1, 2024	83	831,846	21,331	(98,709)	754,551
Loss for the year	–	–	–	(36,447)	(36,447)
Fair value changes of financial instruments issued to investors due to own credit risk	–	–	7,533	–	7,533
Balance at December 31, 2024 and January 1, 2025	83	831,846	28,864	(135,156)	725,637
Loss for the year	–	–	–	(52,366)	(52,366)
Fair value changes of financial instruments issued to investors due to own credit risk	–	–	(3,780)	–	(3,780)
Equity settled share-based payment expenses	–	2,616	–	–	2,616
Balance at December 31, 2025	83	834,462	25,084	(187,522)	672,107

(c) Dividends

In November 2023, the Company declared total dividends of US$15,000,000 (equivalent to approximately RMB106,241,000), which were allocated proportionately to its ordinary shareholders of US$14,022,000 (equivalent to approximately RMB99,312,000) and holders of convertible preferred shares of US$978,000 (equivalent to approximately RMB6,929,000). The dividends were fully settled during the year ended December 31, 2024.

Saved as aforesaid, the Company has no dividends declared or paid during the Track Record Period.

(d) Other reserves

Other reserves mainly represent exchange reserve that comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than presentation currency of the Group, i.e. RMB, and accumulated fair value changes of financial instruments issued to investors due to own credit risk.

(e) Statutory reserve

According to the PRC laws, the PRC subsidiaries of the Group are required to set up statutory reserve by appropriating at least 10% of the entities' annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity's registered capital. This fund can be used to make up previous years' losses or to convert into paid-in capital. Transfer from retained earnings to staff general fund is made at the discretion of the board of directors of the entities.

Statutory reserve of the Group's consolidated statement of changes in equity represented the amount allocated for the relevant subsidiaries.

(f) Transactions with NCI

During the year ended December 31, 2023, the Group acquired an additional 5.66% of the issued shares of a non wholly-owned subsidiary, namely Shenzhen Growatt Power Technology Co., Ltd. ("深圳古瑞瓦特電源科技有限公司") for RMB3,000,000. Immediately prior to the purchase, the carrying amount of the 5.66% non-controlling interest in this subsidiary was approximately RMB1,853,000. The Group recognized a decrease in NCI of the same amount and a decrease in capital reserve of approximately RMB1,147,000. The effect on the equity attributable to the owners of the Company during the year ended December 31, 2023 is summarised as follows:

	Total
	RMB'000
Carrying amount of NCI acquired	1,853
Consideration paid to NCI	(3,000)
Difference debited to capital reserve	(1,147)

During the year ended December 31, 2024, the Group acquired an additional 28.71% of the issued shares of Shenzhen Sacolar for RMB57,420,000. Immediately prior to the purchase, the carrying amount of the 28.71% non-controlling interest in this subsidiary was approximately RMB58,470,000. The Group recognized a decrease in NCI of the same amount and an increase in capital reserve of approximately RMB1,050,000. The effect on the equity attributable to the owners of the Company during the year ended December 31, 2024 is summarised as follows:

	Total
	RMB'000
Carrying amount of NCI acquired	58,470
Consideration paid to NCI	(57,420)
Difference credited to capital reserve	1,050

During the year ended December 31, 2024, the Group also acquired NCI of another non wholly-owned subsidiary with immaterial carrying amount. The Group recognized an increase in NCI of approximately RMB473,000 and a decrease in capital reserve of the same amount.

35 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments held by the Group at the end of each reporting period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
At amortized cost:			
– Trade and notes receivables	1,065,928	842,341	824,950
– Other receivables	46,941	55,020	83,533
– Restricted bank deposits	35,998	71,211	111,851
– Time deposits	238,811	195,750	431,271
– Cash and cash equivalents	1,450,005	1,667,913	2,284,369
At FVTPL:			
– Structured deposits and bank WMPs	100,000	207,918	267,624
– Listed equity securities	–	10,242	21,417

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At FVTOCI:			
– Transferable large denomination certificates of deposits	–	343,691	535,639
– Unlisted equity investment	419	428	1,959
– Notes receivables measured at FVTOCI	30,608	65,013	6,946
	2,968,710	3,459,527	4,569,559

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities:			
At amortized cost:			
– Trade and notes payables	1,160,797	1,338,750	1,781,689
– Financial liabilities included in other payables and accruals	512,096	250,053	325,803
– Borrowings	285,236	334,992	283,168
– Lease liabilities	182,136	100,451	49,096
At FVTPL:			
– Financial instruments issued to investors	912,511	934,059	1,005,256
– Forward currency contracts and foreign currency option contracts	–	2,122	21,217
	3,052,776	2,960,427	3,466,229

36 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including cash flow and fair value interest rate risk and foreign currency risk) and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is represented by cash and cash equivalents, time deposits, restricted bank deposits, trade receivables, notes receivables at amortized cost and at FVTOCI, other receivables and transferable large denomination certificates of deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at December 31, 2023, 2024 and 2025, The Group have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk and the Group does not provide any guarantees to independent third party which would expose the Group to credit risk.

Cash and cash equivalents, time deposits, restricted bank deposits and transferable large denomination certificates of the deposits

To manage risk arising from cash and cash equivalents, time deposits, restricted bank deposits and transferable large denomination certificates of deposits, the Group placed deposits mainly in state-owned or other large or medium size financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. They are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit loss, trade receivables have been grouped based on similar credit risk characteristics and collectively assessed to likelihood of recovery, taking into account the industries that the customer are operating in, their ageing category, past collection history and the credit risk of the customer. For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information.

The expected loss rates are based on historical aging data, by analyzing the movement of accounts receivable across different aging stages and were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in the factor.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognised impairment loss.

Trade receivables include:

- Individual basis: customers who are insolvent or in operating difficulty with a relatively higher credit risk; and
- Collective basis: customers who are not in operating difficulty, comprising related parties and customers with similar credit risk and remaining third parties.

With different types of customers, the Group calculated the expected credit loss rates respectively.

In addition, the Group makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experience.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment loss on trade receivables are presented as net impairment loss within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Measurement of expected credit loss on individual basis

As at 31 December 2023, 2024 and 2025, the Group's trade receivables from third parties of RMB2,391,000, RMB15,030,000, and RMB12,919,000 was individually determined to be impaired and the total loss allowance were RMB2,391,000, RMB15,030,000, and RMB12,919,000. The Group considered these trade receivables were in collection difficulties and management assessed that these customers are unlikely to pay credit obligations to the Group in full.

Measurement of expected credit loss on collective basis

The following table provides information about the Group's exposure to credit risk and ECLs for the remaining trade receivables collectively assessed as at the end of the reporting periods:

	As at December 31, 2023		
	Gross carrying amount	Expected loss rate	Loss allowance
Within 6 months	766,238	0.24%	(1,854)
6 months to 1 year	86,450	5.20%	(4,496)
1 year to 2 years	6,149	18.71%	(1,150)
2 years to 3 years	939	44.84%	(421)
Above 3 years	44	100.00%	(44)
	859,820	0.93%	(7,965)

	As at December 31, 2024		
	Gross carrying amount	Expected loss rate	Loss allowance
Within 6 months	547,334	0.47%	(2,569)
6 months to 1 year	102,700	6.20%	(6,368)
1 year to 2 years	41,238	18.14%	(7,480)
2 years to 3 years	1,676	46.27%	(775)
Above 3 years	292	100.00%	(292)
	693,240	2.52%	(17,484)

	As at December 31, 2025		
	Gross carrying amount	Expected loss rate	Loss allowance
Within 6 months	555,282	0.41%	(2,251)
6 months to 1 year	30,156	5.75%	(1,733)
1 year to 2 years	24,719	18.37%	(4,541)
2 years to 3 years	3,234	52.13%	(1,686)
Above 3 years	1,890	100.00%	(1,890)
	615,281	1.97%	(12,101)

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	29,777	10,356	32,514
Net impairment losses recognized during the year	8,721	41,062	17,238
Amounts written off during the year	(28,165)	(18,985)	(24,852)
Exchange realignment	23	81	120
At the end of the year	10,356	32,514	25,020

Notes receivables at amortized cost and FVTOCI

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 issued by large-size banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks.

Other receivables

Over the term of other receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

– external credit rating of the counterparty (as far as available);

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

– actual or expected significant changes in the operating results of the counterparty; and

– significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

The impairment on other receivables is measured as either 12-month ECL or lifetime ECL. On this basis, the following table sets forth the impairment for other receivables as at December 31, 2023, 2024, and 2025:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount	49,416	58,767	88,570
Loss allowance	(2,475)	(3,747)	(5,037)
ECL rate (%)	5.01%	6.38%	5.69%

Movement in the loss allowance account in respect of other receivables during the Track Record Period is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	687	2,475	3,747
Net impairment losses recognized during the year	21,728	1,288	1,740
Amounts written off during the year	(19,896)	(36)	(274)
Exchange realignment	(44)	20	(176)
At the end of the year	2,475	3,747	5,037

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that is maintains sufficient reserves of cash and adequate committed funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities as at the end of the reporting periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates on, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group can be required to pay.

	As at December 31, 2023					
	Within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	1,160,797	–	–	–	1,160,797	1,160,797
Financial liabilities included in and other payables and accruals	512,096	–	–	–	512,096	512,096
Borrowings	154,681	25,878	113,841	–	294,400	285,236
Lease liabilities	57,890	59,411	79,669	1,321	198,291	182,136
Financial instruments issued to investors	1,012,932	–	–	–	1,012,932	912,511
	2,898,396	85,289	193,510	1,321	3,178,516	3,052,776

	As at December 31, 2024					
	Within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	1,338,750	–	–	–	1,338,750	1,338,750
Financial liabilities included in and other payables and accruals	250,053	–	–	–	250,053	250,053
Borrowings	204,613	136,149	–	–	340,762	334,992
Lease liabilities	51,451	33,434	20,526	500	105,911	100,451
Financial instruments issued to investors	1,057,932	–	–	–	1,057,932	934,059
	2,902,799	169,583	20,526	500	3,093,408	2,958,305
Derivatives settled at gross						
Forward currency contracts and foreign currency option contracts:						
– outflow	(114,560)	–	–	–	(114,560)	–
– inflow	115,014	–	–	–	115,014	–

	As at December 31, 2025					
	Within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	1,781,689	–	–	–	1,781,689	1,781,689
Financial liabilities included in and other payables and accruals	325,803	–	–	–	325,803	325,803
Borrowings	284,758	–	–	–	284,758	283,168
Lease liabilities	25,834	18,773	6,471	450	51,528	49,096
Financial instruments issued to investors	1,102,932	–	–	–	1,102,932	1,005,256
	3,521,016	18,773	6,471	450	3,546,710	3,445,012

	As at December 31, 2025					
	Within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Derivatives settled at gross						
Forward currency contracts and foreign currency option contracts:						
– outflow	(2,086,372)	–	–	–	(2,086,372)	–
– inflow	2,057,680	–	–	–	2,057,680	–

For borrowings subject to repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on expected repayment dates with reference to the schedule of repayments set out in the banking facilities letter and, separately, the impact to the timing of the cash outflow if the lenders were to invoke unconditional rights to call the loans with immediate effect.

(c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's bank deposits, borrowings and lease liabilities. The Group is exposed to cash flow interest rate risk from variable-rate bank deposits and bank borrowings and fair value interest rate risk from fixed-rate bank deposits and lease liabilities. The Group does not use financial derivatives to hedge against the interest rate risk.

In relation to variable-rate and fixed-rate bank deposits, management does not anticipate there will be any significant impact resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly, therefore considers the corresponding interest rate risk to be low.

(i) Interest rate profile

The Group's interest rate profile at the end of the reporting periods, as monitored by management, is set out as follows:

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
Fixed-rate instruments:						
Lease liabilities	2.80%–8.75%	182,136	2.80%–8.75%	100,451	2.80%–8.75%	49,096
Variable-rate instruments:						
Borrowings	1.26%–3.85%	285,236	0.72%–2.60%	334,992	0.88%–2.40%	283,168
		467,372		435,443		332,264

(ii) Sensitivity analysis

It is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before tax by approximately RMB2,337,000, RMB1,918,000 and RMB1,661,000 as at December 31, 2023, 2024 and 2025, respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit before tax that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments the Group held at the end of the report periods, the impact on the Group's profit before tax is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, EUR, GBP and HKD.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting periods to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

The Group's exposures to foreign currencies are mainly as follows:

	As at December 31, 2023			
	USD	EUR	GBP	HKD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	522,078	61,800	36,841	1,858
Trade and other receivables	469,111	168,216	32,481	420
Trade and other payables	(105,395)	(21,375)	(4,494)	(6,188)
Net exposure arising from recognized assets and liabilities	885,794	208,641	64,828	(3,910)

	As at December 31, 2024			
	USD	EUR	GBP	HKD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	621,528	365,653	73,692	3,391
Trade and other receivables	385,896	143,067	22,571	602
Trade and other payables	(68,473)	(18,126)	(4,253)	(208)
Net exposure arising from recognized assets and liabilities	938,951	490,594	92,010	3,785

	As at December 31, 2025			
	USD	EUR	GBP	HKD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,762,129	279,588	24,038	166,156
Trade and other receivables	451,798	130,411	17,348	1,370
Trade and other payables	(73,555)	(20,519)	(3,529)	(730)
Net exposure arising from recognized assets and liabilities	2,140,372	389,480	37,857	166,796

(ii) Sensitivity analysis

A 5% strengthening of RMB against the following currencies at the reporting date would have decreased/(increased) the profit before tax by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	44,290	46,948	107,019
EUR	10,432	24,530	19,474
GBP	3,241	4,601	1,893
HKD	(195)	189	8,340

A 5% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit before tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the years ended December 31, 2023, 2024 and 2025.

(e) Price risk

The Group is exposed to price risk in respect of financial assets at FVTPL, which mainly include investments in structured deposits, bank WMPs and listed equity securities.

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

The following table shows the liability-to-asset ratio of the Group, at the end of the reporting periods:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	6,896,802	6,639,782	7,745,296
Total liabilities	3,655,395	3,416,773	4,131,045
Liability-to-asset ratio	53.00%	51.46%	53.34%

37 FAIR VALUE MEASUREMENT

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis. Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of inputs used in the valuation technique to the measurements, as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Analysis on fair value measurement of financial instruments as at December 31, 2023, 2024 and 2025 are as follows:

	Fair value at December 31, 2023	Fair value measurement at December 31, 2023 categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Financial assets				
At FVTPL:				
– Structured deposits and bank WMPs	100,000	–	100,000	–
At FVTOCI:				
– Unlisted equity investment	419	–	–	419
– Notes receivables measured at FVTOCI	30,608	–	30,608	–
Financial liabilities				
At FVTPL:				
– Convertible preferred shares	912,511	–	–	912,511

	Fair value at December 31, 2024	Fair value measurement at December 31, 2024 categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Financial assets				
At FVTPL:				
– Structured deposits and bank WMPs	207,918	–	207,918	–
– Listed equity securities	10,242	10,242	–	–
At FVTOCI:				
– Transferable large denomination certificates of deposits	343,691	–	343,691	–
– Unlisted equity investment	428	–	–	428
– Notes receivables measured at FVTOCI	65,013	–	65,013	–
Financial liabilities				
At FVTPL:				
– Convertible preferred shares	934,059	–	–	934,059
– Forward currency contracts and foreign currency option contracts	2,122	–	2,122	–

	Fair value at December 31, 2025	Fair value measurement at December 31, 2025 categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Financial assets				
At FVTPL:				
– Structured deposits and bank WMPs	267,624	–	267,624	–
– Listed equity securities	21,417	21,417	–	–
At FVTOCI:				
– Transferable large denomination certificates of deposits	535,639	–	535,639	–
– Unlisted equity investment	1,959	–	–	1,959
– Notes receivables measured at FVTOCI	6,946	–	6,946	–
Financial liabilities				
At FVTPL:				
– Convertible preferred shares	1,005,256	–	–	1,005,256
– Forward currency contracts and foreign currency option contracts	21,217	–	21,217	–

During the years ended December 31, 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 2 fair value measurements

The fair value of structured deposits and bank WMPs is determined by the quoted value from banks based on expected return with reference to underlying investment.

The fair value of transferable large denomination certificates of deposits is determined by the quoted value from banks based on expected return with reference to underlying investment.

The fair value of notes receivables at FVTOCI is determined by using a DCF valuation model based on discount rate.

The fair value of forward currency contracts and foreign currency option contracts is determined by using a discounted cash flow valuation model based on the contracted exchange rate and the forward rate.

Information about Level 3 fair value measurements

Unlisted equity investment

The Group determines the fair value of unlisted equity investment at the end of each reporting period using market approach based on the recent transaction price. If the recent transaction price had been 1% higher as at December 31, 2023, 2024 and 2025, the carrying amount of the unlisted equity investment would increase by approximately RMB4,000, RMB4,000 and RMB20,000, respectively.

Convertible preferred shares

The Group uses the DCF method to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of the convertible preferred shares as of the date of issuance and at the end of each reporting period, with the assistance of an independent third-party valuation firm.

Key unobservable inputs used to determine the fair value of the convertible preferred shares were as follows:

	As at December 31,			Relationship of unobservable inputs to fair value
	2023	2024	2025	
Discount rate	16.00%	15.00%	15.00%	The higher the discount rate, the lower the fair value
Expected volatility	65.80%	68.10%	67.50%	The higher the expected volatility, the lower the fair value
Discount for lack of marketability	21.00%	21.80%	18.90%	The higher the discount for lack of marketability, the lower the fair value

If the Company's discount rate, expected volatility, or discounted for lack of marketability applied in the valuation had been 1% lower or higher than management's estimation as at December 31, 2023, 2024 and 2025, respectively, the carrying amounts of the convertible preferred shares would increase/(decrease) by the amounts listed in table below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expected volatility			
– increase 1%	(520)	(582)	(141)
– decrease 1%	426	510	86
Discount rate			
– increase 1%	(51,570)	(61,139)	(59,911)
– decrease 1%	60,120	72,066	70,202
Discount for lack of marketability			
– increase 1%	(8,109)	(9,190)	(10,500)
– decrease 1%	8,106	9,187	10,562

Reconcilliation of Level 3 fair value measurements

Unlisted equity investment

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	413	419	428
Capital injection	–	–	1,563
Exchange realignment	6	9	(32)
Closing balance	419	428	1,959

Convertible preferred shares

Reconciliation of Level 3 fair value measurements of convertible preferred shares is set out in Note 32.

(b) Fair values of financial assets and liabilities carried at other than fair value

The Group considers that the carrying amounts of all financial instruments at amortized cost in the Historical Financial Information approximate to their respectively fair values as at the end of each reporting period.

38 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before tax to cash generated from operating activities:

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Profit before tax		915,633	12,485	436,643
Adjustments for:				
Depreciation of property, plant and equipment	*8(c)*	75,014	137,272	127,155
Depreciation of right-of-use assets	*8(c)*	57,507	51,790	42,963
Amortization of intangible assets	*8(c)*	9,361	10,253	9,285
Amortization of other non-current assets	*8(c)*	2,600	6,232	302
Impairment loss on property, plant and equipment	*7*	–	–	1,471
Provision for impairment of inventories	*8(c)*	151,916	109,263	88,978
Provision for impairment loss on trade receivables, net	*8(c)*	8,721	41,062	17,238
Provision for impairment loss on other receivables, net	*8(c)*	21,728	1,288	1,740
Losses on disposal of property, plant and equipment, net	*7*	8,630	14,033	16,744
Gains on early termination of leases, net	*7*	(3,482)	(574)	(863)
Investment income from financial assets at FVTPL	*6*	(218)	(1,847)	(2,967)
Investment income from financial assets at FVTOCI	*6*	–	(3,691)	(11,626)
Investment income from financial liabilities at FVTPL	*6*	–	(5,740)	(5,346)
Interest income		(906)	(5,970)	(12,068)
Fair value changes of financial assets at FVTPL	*7*	–	5,609	(11,331)
Fair value changes of financial liabilities at FVTPL	*7*	–	1,476	(6,327)
Fair value changes of financial instruments issued to investors	*8(c)*	(361,866)	29,081	67,417
Exchange (gains)/losses, net		(66,690)	(32,637)	3,230
Finance costs	*8(a)*	22,632	10,617	6,587
Share of (profits)/losses of associates	*8(c)*	(46,132)	2,354	7,506
Loss on disposal of a subsidiary	*7*	829	–	–
Amortization of deferred income		(1,101)	(743)	(515)
Equity settled share-based payment expenses	*8(b)*	20,130	–	2,616
Changes in working capital:				
Decrease/(increase) in inventories		184,088	578,835	(139,806)
Decrease/(increase) in trade and notes receivables		415,399	197,236	(25,025)
(Increase)/decrease in financial assets at FVTOCI		(30,608)	(34,404)	58,066
Decrease/(increase) in prepayments, other receivables and other assets		406,867	34,259	(33,412)
Decrease/(increase) in restricted bank deposits		483,913	(25,371)	34,117
(Decrease)/increase in trade and notes payables		(2,055,992)	177,953	442,940
Increase/(decrease) in other payables and accruals		198,822	(138,787)	83,834
Increase/(decrease) in contract liabilities		46,737	(90,835)	182,407
Increase/(decrease) in provisions		38,826	(24,233)	4,095
Increase in deferred income		–	600	–
Cash generated from operating activities		502,358	1,056,866	1,386,048

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Notes	Borrowings	Financial instruments issued to investors	Lease liabilities	Dividends payable	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023		200,212	1,295,708	251,580	–	1,747,500
Changes from financing cash flows:						
Proceeds from borrowings		297,587	–	–	–	297,587
Repayment of borrowings		(212,500)	–	–	–	(212,500)
Payments for leases		–	–	(59,934)	–	(59,934)
Interest paid		(4,698)	–	–	–	(4,698)
		80,389	–	(59,934)	–	20,455
Other changes:						
Interests incurred during the year	*8(a)*	4,635	–	11,124	–	15,759
Increase in lease liabilities from entering into new leases during the year		–	–	43,486	–	43,486
Impact of early termination		–	–	(64,475)	–	(64,475)
Changes in fair value		–	(383,197)	–	–	(383,197)
Dividends declared to ordinary shareholders	*34(c)*	–	–	–	99,312	99,312
Dividends declared to holders of convertible preferred shares	*34(c)*	–	–	–	6,929	6,929
Exchange realignment		–	–	355	–	355
		4,635	(383,197)	(9,510)	106,241	(281,831)
At December 31, 2023		285,236	912,511	182,136	106,241	1,486,124

	Notes	Borrowings	Financial instruments issued to investors	Lease liabilities	Dividends payable	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024		285,236	912,511	182,136	106,241	1,486,124
Changes from financing cash flows:						
Proceeds from borrowings		99,731	–	–	–	99,731
Repayment of borrowings		(50,000)	–	–	–	(50,000)
Payments for leases		–	–	(53,877)	–	(53,877)
Interest paid		(5,915)	–	–	–	(5,915)
Dividends paid to ordinary shareholders		–	–	–	(99,312)	(99,312)
Dividends paid to holders of convertible preferred shares		–	–	–	(6,929)	(6,929)
		43,816	–	(53,877)	(106,241)	(116,302)
Other changes:						
Interests incurred during the year	*8(a)*	5,940	–	6,694	–	12,634
Increase in lease liabilities from entering into new leases during the year		–	–	7,413	–	7,413
Impact of early termination		–	–	(40,439)	–	(40,439)
Changes in fair value		–	21,548	–	–	21,548
Exchange realignment		–	–	(1,476)	–	(1,476)
		5,940	21,548	(27,808)	–	(320)
At December 31, 2024		334,992	934,059	100,451	–	1,369,502

	Notes	Borrowings	Financial instruments issued to investors	Lease liabilities	Dividends payable	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025		334,992	934,059	100,451	–	1,369,502
Changes from financing cash flows:						
Proceeds from borrowings		158,255	–	–	–	158,255
Repayment of borrowings		(210,000)	–	–	–	(210,000)
Payments of leases		–	–	(44,942)	–	(44,942)
Interest paid		(5,240)	–	–	–	(5,240)
		(56,985)	–	(44,942)	–	(101,927)
Other changes:						
Interests incurred during the year	*8(a)*	5,161	–	3,198	–	8,359
Increase in lease liabilities from entering into new leases during the year		–	–	18,102	–	18,102
Impact of early termination		–	–	(27,355)	–	(27,355)
Changes in fair value		–	71,197	–	–	71,197
Exchange realignment		–	–	(358)	–	(358)
		5,161	71,197	(6,413)	–	69,945
At December 31, 2025		283,168	1,005,256	49,096	–	1,337,520

(c) Cash received from disposal of property, plant and equipment

In the consolidated statements of cash flows, proceeds from disposal of owned property, plant and equipment comprise:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net book value	25,584	23,320	25,524
Loss on disposal of property, plant and equipment, net *(Note 7)*	(8,630)	(14,033)	(16,744)
Proceeds from disposal of property, plant and equipment	16,954	9,287	8,780

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprises the following:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	3,737	3,560	4,576
Within investing cash flows	1,407	–	–
Within financing cash flows	59,934	53,877	44,942
	65,078	57,437	49,518

(e) Major non-cash transactions

Major non-cash investing and financing activities were additions of right-of-use assets and lease liabilities in respect of other properties leased for own use as disclosed in Note 14 and Note 38(b), respectively.

(f) Cash flows in respect of disposal of a subsidiary

Analysis of the cash flows in respect of disposal of a subsidiary:

	Total
	RMB'000
Cash consideration received	169
Cash and cash equivalents disposed of	(13,031)
Net outflow of cash and cash equivalents included in the cash flows from investing activities	(12,862)

39 DISPOSAL OF A SUBSIDIARY

The transactions relating to the disposal of a subsidiary during the Track Record Period had no material impact on the Group's consolidated financial statements.

40 COMMITMENTS

Capital commitments outstanding at the end of the reporting periods not provided for in the Historical Financial Information were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase for property, plant and equipment	390,242	271,932	137,746

41 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions during the Track Record Period:

(a) Key management personnel remuneration

Key management personnel comprises executive directors of the Group. Remuneration for key management personnel of the Group is set out in Note 10(a).

Total remuneration is included in "Staff costs" (see Note 8(b)).

(b) Related parties and relationship

During the Track Record Period, transactions with the following parties are considered to be related party transactions of the Group:

Name of related party	Relationship with the Group
Mr. Ding Yongqiang	Controlling shareholder of the Company
Shenzhen Atess Power	Associate of the Group
Shenzhen Tiannengjian	Associate of the Group
Shenzhen Guruibao	Associate of the Group

(c) Transactions with related parties

The Group entered into the following material related party transactions during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods to associates	1,646	2,387	28,475
Purchases of goods from associates	26,547	1,996	7,749
Purchase of property, plant and equipment from an associate	3,076	3,575	–
Rental expenses paid to an associate	4,150	1,479	1,299

(d) Balances with related parties

The Group had the following material balances with related parties as at December 31, 2023, 2024 and 2025:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-trade related			
Amounts due from related parties *(Note 19)*	433	434	394
Amount due to a related party *(Note 24)*	–	800	–
Trade related			
Prepayment to an associate (included in prepayments)	2,495	–	–
Amounts due from associates (included in trade receivables)	–	777	925
Amounts due to associates (included in trade payables)	3,212	453	13

The amounts due from related parties as at December 31, 2023, 2024 and 2025 were interest-free, unsecured and recoverable within one year.

The amounts due to related parties as at December 31, 2023, 2024 and 2025 were interest-free, unsecured and repayable on demand.

The directors of the Company confirm that the non-trade balances will be settled before the [**REDACTED**] of the Company's shares on the Stock Exchange.

42 CONTINGENT LIABILITIES

As at December 31, 2023, 2024 and 2025, the Group and the Company did not have any significant contingent liabilities.

43 SUBSEQUENT EVENTS

No significant subsequent events have occurred since December 31, 2025.

44 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate parent of the Group is ESunyT Capital Co., Ltd, a company incorporated in BVI. The ultimate controlling party of the Group is Mr. Ding Yongqiang.

III SUBSEQUENT FINANCIAL STATEMENTS

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