The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WUXI DONGHENG NEW ENERGY TECHNOLOGY CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND DONGXING SECURITIES (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of WUXI DONGHENG NEW ENERGY TECHNOLOGY CO., LTD. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on page I-4, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-68 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

[●]
Certified Public Accountants
Hong Kong
[*DATE*]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	**323,985**	**314,691**	**897,260**
Cost of sales		(216,063)	(246,537)	(694,687)
Gross profit		107,922	68,154	202,573
Other income and gains	5	7,751	7,696	8,053
Selling and marketing expenses		(3,773)	(3,894)	(3,033)
Administrative expenses		(56,042)	(71,663)	(82,246)
Research and development costs		(37,675)	(36,811)	(50,524)
Impairment losses on financial assets, net		(1,173)	(672)	(3,027)
Other expenses		(1,152)	(627)	(424)
Finance costs	7	(3,764)	(4,788)	(7,674)
PROFIT/(LOSS) BEFORE TAX		**12,094**	**(42,605)**	**63,698**
Income tax credit/(expense)	10	1,759	5,203	(4,192)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**13,853**	**(37,402)**	**59,506**
Attributable to:				
Owners of the parent		13,853	(37,402)	59,506
Non-controlling interests		–	–	–
		13,853	(37,402)	59,506
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic and diluted:				
Profit/(loss) for the year (RMB)		0.22	(0.60)	0.94

*For the details of pre-***[REDACTED]** *investments, please refer to note 26 to this report.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	510,346	779,361	903,699
Right-of-use assets	*14*	59,806	61,746	55,299
Intangible assets		207	135	67
Investments in associates	*16*	4,500	4,500	4,500
Prepayments, other receivables and other assets	*17*	31,709	39,223	93,896
Deferred tax assets	*15*	14,483	19,686	17,870
Total non-current assets		**621,051**	**904,651**	**1,075,331**
CURRENT ASSETS				
Inventories	*18*	55,317	63,425	144,727
Trade and bills receivables	*19*	129,290	140,397	775,597
Prepayments, other receivables and other assets	*17*	10,392	6,607	47,828
Financial assets at fair value through profit or loss	*20*	20,145	–	–
Prepaid income tax		–	2,056	–
Restricted cash	*21*	57,905	988	61,344
Cash and cash equivalents	*21*	107,392	17,817	22,430
Total current assets		**380,441**	**231,290**	**1,051,926**
CURRENT LIABILITIES				
Trade and bills payables	*22*	216,290	166,113	645,003
Other payables and accruals	*23*	137,867	211,357	643,328
Contract liabilities	*24*	23,648	49,575	7,252
Interest-bearing bank borrowings	*25*	79,740	197,855	248,972
Lease liabilities	*14*	7,809	9,491	8,320
Tax payable		2,089	–	320
Amounts due to a related party	*32*	4,500	4,500	4,500
Total current liabilities		**471,943**	**638,891**	**1,557,695**

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NET CURRENT LIABILITIES		**(91,502)**	**(407,601)**	**(505,769)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**529,549**	**497,050**	**569,562**
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*25*	–	–	10,123
Deferred government grants		782	693	1,203
Lease liabilities	*14*	9,927	10,521	4,997
Total non-current liabilities		**10,709**	**11,214**	**16,323**
Net assets		518,840	485,836	553,239
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital/ share capital	*26*	62,804	62,804	64,473
Reserves	*27*	456,036	423,032	488,766
Total equity		**518,840**	**485,836**	**553,239**

*For the details of pre-***[REDACTED]** *investments, please refer to note 26 to this report.*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

		Attributable to owners of the parent					
	Note	**Paid-in capital**	**Capital reserve***	**Share-based compensation reserve***	**Surplus reserve***	**Accumulated losses***	**Total equity**
		RMB'000 *(note 26)*	*RMB'000* *(note 27)*	*RMB'000*	*RMB'000* *(note 27)*	*RMB'000*	*RMB'000*
At 1 January 2023		62,804	445,258	9,231	4,543	(19,319)	502,517
Profit and total comprehensive income		–	–	–	–	13,853	13,853
Share-based compensation reserve	*28*	–	–	2,470	–	–	2,470
Appropriation to statutory reserves		–	–	–	2,686	(2,686)	–
At 31 December 2023		62,804	445,258	11,701	7,229	(8,152)	518,840

Year ended 31 December 2024

		Attributable to owners of the parent					
	Note	**Paid-in capital**	**Capital reserve***	**Share-based compensation reserve***	**Surplus reserve***	**Accumulated losses***	**Total equity**
		RMB'000 *(note 26)*	*RMB'000* *(note 27)*	*RMB'000*	*RMB'000* *(note 27)*	*RMB'000*	*RMB'000*
At 1 January 2024		62,804	445,258	11,701	7,229	(8,152)	518,840
Loss and total comprehensive loss		–	–	–	–	(37,402)	(37,402)
Share-based compensation reserve	*28*	–	–	4,398	–	–	4,398
At 31 December 2024		62,804	445,258	16,099	7,229	(45,554)	485,836

Year ended 31 December 2025

		Attributable to owners of the parent					
	Notes	**Paid-in capital/share capital**	**Capital reserve***	**Share-based compensation reserve***	**Surplus reserve***	**Accumulated losses***	**Total equity**
		RMB'000 *(note 26)*	*RMB'000* *(note 27)*	*RMB'000*	*RMB'000* *(note 27)*	*RMB'000*	*RMB'000*
At 1 January 2025		62,804	445,258	16,099	7,229	(45,554)	485,836
Profit and total comprehensive income		–	–	–	–	59,506	59,506
Capital contribution from a shareholder	26	1,669	4,331	–	–	–	6,000
Conversion into a joint stock company	26	–	24,609	–	(7,601)	(17,008)	–
Share-based compensation reserve	28	–	–	1,897	–	–	1,897
Appropriation to statutory reserves		–	–	–	5,777	(5,777)	–
At 31 December 2025		64,473	474,198	17,996	5,405	(8,833)	553,239

* These reserve accounts comprise the consolidated reserves of RMB456,036,000, RMB423,032,000 and RMB488,766,000 in the consolidated statements of financial position as at 31 December 2023,2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		12,094	(42,605)	63,698
Adjustments for:				
Finance costs	*7*	3,764	4,788	7,674
Interest income	*5*	(1,893)	(883)	(318)
(Gain)/loss on disposal of items of property, plant and equipment		(15)	(74)	23
Gain on disposal of right-of-use assets		–	(119)	–
Gains on financial assets at fair value through profit or loss		(865)	(90)	–
Depreciation of items of property, plant and equipment	*13*	29,557	43,951	55,735
Depreciation of right-of-use assets	*14*	4,861	5,884	6,447
Amortisation of intangible assets	*6*	74	72	68
Amortisation of deferred government grants	*5*	(15)	(89)	(89)
Impairment of trade and bills receivables, net	*6*	(743)	1,373	3,027
Impairment of prepayments, other receivables and other assets, net	*6*	1,916	(701)	–
Write-down of inventories to net realisable value	*18*	2,178	3,207	4,105
Impairment of items of property, plant and equipment	*6*	940	–	–
Foreign exchange differences, net	*5*	(2,978)	(1,039)	(551)
Share-based compensation expense		2,470	4,398	1,897
		51,345	18,073	141,716

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Decrease/(increase) in trade and bills receivables		179,850	(11,461)	(638,222)
Increase in prepayments, other receivables and other assets		(12,969)	(16,291)	(6,074)
Decrease/(increase) in inventories		13,062	(11,315)	(85,407)
(Decrease)/increase in trade and bills payables		(184,492)	(4,822)	521,781
(Decrease)/increase in other payables and accruals		(7,458)	5,110	416,592
Increase/(decrease) in contract liabilities		16,041	25,927	(42,323)
(Increase)/decrease in restricted cash		(57,628)	56,917	(60,356)
Cash flows (used in)/generated from operating activities		(2,249)	62,138	247,707
Interest received		1,893	883	318
Income taxes paid		(3,855)	(4,145)	–
Net cash flows (used in)/generated from operating activities		(4,211)	58,876	248,025
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(65,002)	(276,207)	(294,470)
Proceeds from disposal of items of property, plant and equipment		335	943	123
Purchase of land use right		(17,190)	–	–
Receipt of government grants for property, plant and equipment		797	–	599
Purchase of financial assets at fair value through profit or loss		(80,000)	(28,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss		60,720	48,235	–
Net cash flows used in investing activities		(100,340)	(255,029)	(293,748)

	Notes	2023	2024	2025
		Year ended 31 December		
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	26	–	–	6,000
New bank loans		115,000	284,442	244,841
Repayment of bank loans		(109,753)	(166,385)	(184,169)
Interest paid		(3,181)	(5,221)	(7,505)
Payment of [**REDACTED**]		–	–	[**REDACTED**]
Principal portion of lease payments		(4,112)	(6,278)	(7,446)
Net cash flows (used in)/generated from financing activities		(2,046)	106,558	50,366
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(106,597)**	**(89,595)**	**4,643**
Cash and cash equivalents at beginning of year		213,893	107,392	17,817
Effect of foreign exchange rate changes, net		96	20	(30)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**107,392**	**17,817**	**22,430**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		107,392	17,817	22,430
Cash and cash equivalents as stated in the statements of financial position	21	107,392	17,817	22,430
Cash and cash equivalents as stated in the statements of cash flows		107,392	17,817	22,430

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	116,991	144,581	230,016
Right-of-use assets	*14*	10,991	16,608	11,124
Intangible assets		207	135	67
Investments in associates	*16*	4,500	4,500	4,500
Investments in subsidiaries	*1*	90,000	90,000	90,000
Prepayments, other receivables and other assets	*17*	471	256	4,562
Deferred tax assets	*15*	4,902	10,294	6,722
Total non-current assets		**228,062**	**266,374**	**346,991**
CURRENT ASSETS				
Inventories	*18*	27,531	37,823	107,390
Trade and bills receivables	*19*	129,290	139,478	640,109
Prepayments, other receivables and other assets	*17*	4,583	4,603	10,239
Financial assets at fair value through profit or loss	*20*	20,145	–	–
Amounts due from subsidiaries	*32*	354,878	351,451	625,803
Prepaid income tax		–	2,056	–
Restricted cash	*21*	57,905	988	61,344
Cash and cash equivalents	*21*	62,050	11,261	21,256
Total current assets		**656,382**	**547,660**	**1,466,141**
CURRENT LIABILITIES				
Trade and bills payables	*22*	181,216	93,370	598,151
Other payables and accruals	*23*	29,319	39,557	485,238
Contract liabilities	*24*	23,648	49,575	7,252
Interest-bearing bank borrowings	*25*	54,981	50,033	69,977
Lease liabilities	*14*	6,985	9,491	8,320
Tax payable		2,089	–	320
Amounts due to a related party	*32*	4,500	4,500	4,500
Amounts due to subsidiaries	*32*	10,000	10,052	11,739
Total current liabilities		**312,738**	**256,578**	**1,185,497**

	Notes	As at 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
NET CURRENT ASSETS		**343,644**	**291,082**	**280,644**
TOTAL ASSETS LESS CURRENT LIABILITIES		**571,706**	**557,456**	**627,635**
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	25	–	–	10,123
Deferred government grants		782	693	604
Lease liabilities	14	7,901	10,521	4,997
Total non-current liabilities		**8,683**	**11,214**	**15,724**
Net assets		563,023	546,242	611,911
EQUITY				
Paid-in capital/ share capital	26	62,804	62,804	64,473
Reserves	27	500,219	483,438	547,438
Total equity		**563,023**	**546,242**	**611,911**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China (the "**PRC**") on 4 August 2011. The registered address of the office of the Company is No. 29-30, Jinshanbei Science and Technology Park, Jianghai West Road, Wuxi City, Jiangsu Province, China.

During the Relevant Periods, the Company and its subsidiaries (together, the "**Group**") were principally engaged in the research and development, production and sale-of-high-performance conductive carbon materials, with a focus on their application in the new energy battery sector.

The Group was ultimately controlled by Mr. Shen Bohua and Mr. Shen Yudong.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	*Notes*	Place and date of registration and place of operations	Registered paid-in capital	Percentage of equity attributable to the Company	Principal activities
				Direct	
Nantong Dongheng New Energy Technology Co., Ltd. ("南通東恒新能源科技有限公司")	(a)	PRC/Chinese mainland 19 November 2014	RMB30,000,000	100%	Development and manufacture of conductive carbon materials
Zigong Dongheng New Energy Technology Co., Ltd. ("自貢東恒新能源科技有限公司")	(b)	PRC/Chinese mainland 26 May 2022	RMB50,000,000	100%	Development and manufacture of conductive carbon materials
Dongheng (Lianjiang) New Energy Technology Co., Ltd. ("東恒(連江)新能源科技有限公司") . . .	(b)	PRC/Chinese mainland 27 July 2023	RMB10,000,000	100%	Development and manufacture of conductive carbon materials

Notes:

(a) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025, prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Wuxi Xingyuan Accounting Firm Ltd., a certified public accounting firm registered in the PRC.

(b) No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025, as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

The following table illustrates the investments in subsidiaries of the Company:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	90,000	90,000	90,000

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

As of 31 December 2025, the Group's current liabilities exceeded current assets by RMB505,769,000. The Group's going concern will depend on the credit lines provided by banks. Up to 31 December 2025, the Group still has a credit line of RMB436,431,000 that has not been utilised, which could partially cover the working capital demand over the next 12 months from the reporting period. For the shortfall of uncovered net current liabilities amounting to RMB69,338,000, it will be covered by advance payments of RMB345,000,000, which was paid subsequently by customer A on 9 April 2026.

The directors of the Company are of the opinion that the Company will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 31 December 2025 based on the review of the Group's projected cash flows.

The Historical Financial Information has been prepared under the historical cost convention, except for wealth management product classified as financial asset at fair value through profit or loss, which has been measured at fair value.

For ordinary shares issued to the Pre-[**REDACTED**] investors, the Company, Mr. Shen Bohua and Mr. Shen Yudong and the Pre-[**REDACTED**] Investors entered into the supplemental agreements, under which the joint and several liability of the Company in respect of the redemption rights had been irrevocably terminated and shall be *void ab initio* as described in note 26 to the Historical Financial Information. Having taken into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the pre-[**REDACTED**] investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 26 to the Historical Financial Information.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. So far, the Group considers that the new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.50 to 6.67%
Leasehold improvements	Over the shorter of the lease terms and 20.00%
Plant and machinery	6.67 to 20.00%
Motor vehicles	25.00%
Furniture and others	20-33.33%

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

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

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

Intangible assets (other than goodwill)

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

Software

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

Research and development costs

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

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Leasehold land	50 years
Buildings	2 to 5 years

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

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes wealth management product.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade and bills receivables which apply the simplified approach as detailed below:

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

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

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

Simplified approach

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

Classification as equity and financial liabilities

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

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

The Group's financial liabilities include trade and bills payables, certain other payables and accruals, amounts due to a related party and interest-bearing bank borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

Sale of products

Revenue from the sale of goods primarily arises from the sale of high-performance conductive carbon materials for use in new energy lithium battery sector, which is recognised at the point in time when control of the products is transferred to the customer, generally on the acceptance of the products.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates an employee share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 28 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met.

Other employee benefits

Pension scheme

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

Borrowing costs

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

Events after the reporting period

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

Dividends

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Provision for expected credit losses on trade and bills receivables

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

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

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

Leases – Estimating the incremental borrowing rate

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

Impairment of non-financial assets

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. There were no unrecognised tax losses and deductible temporary differences at 31 December 2023, 2024 and 2025. Further details are contained in note 15 to the Historical Financial Information.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and condition of the inventories, together with the economic circumstances affecting the marketability of such inventories. Inventories are reviewed quarterly for write-down, if appropriate. Further details of the inventories are set out in note 18 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is engaged in the sale of high-performance conductive carbon materials for use in new energy lithium battery sector. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2.3 to the Historical Financial Information. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	186,160	222,436	836,718
Overseas	137,825	92,255	60,542
Total revenue	**323,985**	**314,691**	**897,260**

The revenue information above is based on the locations of the direct customers who signed the sales agreements with the Group.

(b) Non-current assets

Since all of the Group's non-current assets were located in the Chinese mainland, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue from major customers, including groups of entities which are known to be under common control that individually accounted for over 10% of the Group's total revenue during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	148,569	156,892	672,442
Customer B*	137,785	92,206	N/A
Customer D**	N/A	32,307	N/A
Total	**286,354**	**281,405**	**672,442**

* Revenue from customer B amounted to less than 10% of the total revenue of the Group for the year ended 31 December 2025.

** Revenue from customer D amounted to less than 10% of the total revenue of the Group for the years ended 31 December 2023 and 2025.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	323,985	314,691	897,260

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods			
Carbon nanotubes ("**CNT**")	169,449	153,040	732,161
Conductive carbon black	152,277	160,634	160,338
Graphene	2,047	103	–
Others	212	914	4,761
Total	**323,985**	**314,691**	**897,260**
Timing of revenue recognition			
Goods transferred at a point in time	323,985	314,691	897,260

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	7,607	5,411	39,587

(ii) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon the acceptance of high-performance conductive carbon materials for use in new energy lithium battery sector by the customers and payment is generally due within 30 to 90 days from delivery (except for certain customers, where payment in advance are required).

For the above contracts with customers, they are rendered over a short period of time, generally less than one year, and the Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants related to	1,999	5,440	6,866
– Assets *(i)*	15	89	89
– Income	1,984	5,351	6,777
Interest income	1,893	883	318
Others	16	244	318
Total other income	**3,908**	**6,567**	**7,502**
Gains			
Foreign exchange gains, net	2,978	1,039	551
Fair value changes in financial assets at fair value through profit or loss	145	–	–
Investment income from financial assets at fair value through profit or loss	720	90	–
Total gains	**3,843**	**1,129**	**551**
Total other income and gains	**7,751**	**7,696**	**8,053**

(i) The Group has received certain government grants related to assets for investments in equipment. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

6. PROFIT/(LOSS) BEFORE TAX

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

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold*		216,063	246,537	694,687
Depreciation of property, plant and equipment	*13*	29,557	43,951	55,735
Depreciation of right-of-use assets	*14*	4,861	5,884	6,447
Amortisation of intangible assets		74	72	68
Research and development costs**		23,851	19,723	26,467
Lease payments not included in the measurement of lease liabilities	*14*	6	–	56
Auditor's remuneration		444	349	392
[REDACTED]		–	–	**[REDACTED]**
Employee benefit expense (excluding directors', supervisor's and chief executive's remuneration *(note 8)*):				
Wages and salaries		42,104	50,738	77,740
Pension scheme contributions		5,250	7,004	9,779
Share-based compensation		2,004	3,932	1,431
Foreign exchange differences, net		(2,978)	(1,039)	(551)
Impairment of trade and bills receivables, net	*19*	(743)	1,373	3,027
Impairment of financial assets included in prepayments, other receivables and other assets		1,916	(701)	–
Impairment of items of property, plant and equipment	*13*	940	–	–
Write-down of inventories to net realisable value	*18*	2,178	3,207	4,105

* Cost of inventories sold includes expenses relating to depreciation of property and equipment, depreciation of right-of-use assets and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** Research and development costs do not include expenses relating to employee benefit expense and depreciation and amortisation expenses, which are included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	2,933	5,279	8,073
Interest on lease liabilities	831	849	751
Interest on discounted bills receivable	–	–	576
Total interest expense on financial liabilities not at fair value through profit or loss	3,764	6,128	9,400
Less: Interest capitalised	–	1,340	1,726
Total	**3,764**	**4,788**	**7,674**

For the details of pre-[**REDACTED**] investments, please refer to note 26 to this report.

8. DIRECTORS', SUPERVISOR'S AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisor's and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Emoluments:			
Salaries, allowances and benefits in kind	1,745	1,744	1,734
Performance related bonuses	246	–	460
Share-based compensation expense	466	466	466
Pension scheme contributions and social welfare	67	70	71
Total	**2,524**	**2,280**	**2,731**

(a) Independent non-executive directors

During the Relevant Periods, the Company had no independent non-executive directors, and thus there were no fees paid to independent non-executive directors.

(b) Directors and a supervisor

The remuneration of each director and the supervisor of the Company during the Relevant Periods is set out below:

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	**Performance related bonuses**	**Share-based compensation expense**	**Pension scheme contributions and social welfare**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors/Chief executive:					
Mr. Shen Bohua*	511	70	–	–	581
Mr. Shen Yudong**	527	70	–	27	624
Mr. Jiang Dong***	610	100	466	23	1,199
Subtotal	**1,648**	**240**	**466**	**50**	**2,404**
Supervisor:					
Ms. Lu Minna****	97	6	–	17	120
Total	**1,745**	**246**	**466**	**67**	**2,524**

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Share-based compensation expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Directors/Chief executive:				
Mr. Shen Bohua*	512	–	–	512
Mr. Shen Yudong**	527	–	28	555
Mr. Jiang Dong***	607	466	24	1,097
Subtotal	**1,646**	**466**	**52**	**2,164**
Supervisor:				
Ms. Lu Minna****	98	–	18	116
Total	**1,744**	**466**	**70**	**2,280**

Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based compensation expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors/Chief executive:					
Mr. Shen Bohua*	503	–	–	–	503
Mr. Shen Yudong**	526	250	–	28	804
Mr. Jiang Dong***	607	200	466	24	1,297
Subtotal	**1,636**	**450**	**466**	**52**	**2,604**
Supervisor:					
Ms. Lu Minna****	98	10	–	19	127
Total	**1,734**	**460**	**466**	**71**	**2,731**

* Mr. Shen Bohua was appointed as the chief executive officer of the Company in January 2015

** Mr. Shen Yudong was appointed as a director in August 2011

*** Mr. Jiang Dong was appointed as a director in September 2022

**** Ms. Lu Minna was appointed as a supervisor in January 2022.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included three, three, and two directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the two, two and three highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,098	1,097	1,675
Performance related bonuses	170	–	198
Pension scheme contributions and social welfare	42	44	71
Total	**1,310**	**1,141**	**1,944**

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

	Year ended 31 December		
	2023	**2024**	**2025**
Nil to 1,000,000 Hong Kong Dollars ("**HKD**")	2	2	3

10. INCOME TAX

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the EIT rate for the PRC subsidiaries is 25% unless they are subject to preferential tax rates as set out below:

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

Nantong Dongheng New Energy Technology Co., Ltd. was qualified as a High and New Technology Enterprise in 2024 and is entitled to a preferential tax rate of 15% from 2024 to 2026 This qualification is subject to review by the relevant tax authority in the PRC every three years.

Zigong Dongheng New Energy Technology Co., Ltd. was qualified as an encouraged industry enterprise established in the western regions as defined by the Ministry of Finance and the State Taxation Administration of the PRC. Such enterprises are subject to a reduced enterprise income tax rate of 15%, applicable from 1 January 2021 to 31 December 2030.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	7,011	–	2,376
Deferred income tax *(note 15)*	(8,770)	(5,203)	1,816
Income tax (credit)/charge for the year	(1,759)	(5,203)	4,192

A reconciliation of the tax (credit) /expense applicable to profit/(loss) before tax using the statutory rate for the country or jurisdiction in which the Company and its subsidiaries are domiciled to the tax (credit)/expense at the applicable tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before tax	12,094	(42,605)	63,698
Tax at the tax rate of 15%	1,814	(6,391)	9,555
Effect of different tax rates of the subsidiaries	(651)	–	–
Expenses not deductible for tax	2,550	1,502	735
Additional deductible allowance for research and development costs	(5,472)	(3,570)	(6,098)
Effect on opening deferred tax of decrease in rate	–	3,256	–
Tax (credit)/charge at the Group's effective rate	(1,759)	(5,203)	4,192

11. DIVIDENDS

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

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding after taking into account the retrospective adjustments on the assumption that the conversion into a joint stock company with limited liability as disclosed in note 26 to the Historical Financial Information had been in effect on 1 January 2023.

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

The calculation of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December		
	2023	2024	2025
Earnings/(loss)			
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculations *(RMB'000)*	13,853	(37,402)	59,506
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings/(loss) per share calculations *('000)*	62,804	62,804	63,083

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	78,993	13,661	147,381	4,619	15,053	26,203	285,910
Accumulated depreciation and impairment	(13,647)	(3,835)	(21,478)	(1,595)	(3,145)	–	(43,700)
Net carrying amount	65,346	9,826	125,903	3,024	11,908	26,203	242,210
At 1 January 2023, net of accumulated depreciation and impairment	65,346	9,826	125,903	3,024	11,908	26,203	242,210
Additions	7,103	7,434	27,198	130	9,338	247,750	298,953
Disposals	–	–	(145)	–	(175)	–	(320)
Depreciation provided during the year	(5,903)	(3,374)	(15,889)	(863)	(3,528)	–	(29,557)
Impairment	–	–	(785)	–	(155)	–	(940)
Transfers	1,540	2,301	28,380	–	2,890	(35,111)	–
At 31 December 2023, net of accumulated depreciation and impairment	68,086	16,187	164,662	2,291	20,278	238,842	510,346
At 31 December 2023:							
Cost	87,636	23,396	202,535	4,749	26,858	238,842	584,016
Accumulated depreciation and impairment	(19,550)	(7,209)	(37,873)	(2,458)	(6,580)	–	(73,670)
Net carrying amount	68,086	16,187	164,662	2,291	20,278	238,842	510,346

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	87,636	23,396	202,535	4,749	26,858	238,842	584,016
Accumulated depreciation and impairment	(19,550)	(7,209)	(37,873)	(2,458)	(6,580)	–	(73,670)
Net carrying amount	68,086	16,187	164,662	2,291	20,278	238,842	510,346
At 1 January 2024, net of accumulated depreciation and impairment	68,086	16,187	164,662	2,291	20,278	238,842	510,346
Additions	4,273	2,626	11,827	–	6,782	287,533	313,041
Disposals	–	–	(65)	–	(10)	–	(75)
Depreciation provided during the year	(11,920)	(4,561)	(20,519)	(877)	(6,074)	–	(43,951)
Transfers	230,691	–	43,963	–	1,949	(276,603)	–
At 31 December 2024, net of accumulated depreciation and impairment	291,130	14,252	199,868	1,414	22,925	249,772	779,361
At 31 December 2024:							
Cost	322,600	26,022	253,449	4,749	35,285	249,772	891,877
Accumulated depreciation and impairment	(31,470)	(11,770)	(53,581)	(3,335)	(12,360)	–	(112,516)
Net carrying amount	291,130	14,252	199,868	1,414	22,925	249,772	779,361

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	322,600	26,022	253,449	4,749	35,285	249,772	891,877
Accumulated depreciation and impairment	(31,470)	(11,770)	(53,581)	(3,335)	(12,360)	–	(112,516)
Net carrying amount	291,130	14,252	199,868	1,414	22,925	249,772	779,361
At 1 January 2025, net of accumulated depreciation and impairment	291,130	14,252	199,868	1,414	22,925	249,772	779,361
Additions	8,748	5,339	32,785	–	3,397	129,950	180,219
Disposals	–	–	(124)	–	(22)	–	(146)
Depreciation provided during the year	(16,638)	(5,842)	(25,228)	(753)	(7,274)	–	(55,735)
Transfers	8,035	9,658	70,966	–	1,263	(89,922)	–
At 31 December 2025, net of accumulated depreciation and impairment	291,275	23,407	278,267	661	20,289	289,800	903,699
At 31 December 2025:							
Cost	339,383	41,019	357,050	4,749	39,753	289,800	1,071,754
Accumulated depreciation and impairment	(48,108)	(17,612)	(78,783)	(4,088)	(19,464)	–	(168,055)
Net carrying amount	291,275	23,407	278,267	661	20,289	289,800	903,699

As at 31 December 2025, certain of the Group's plant and machinery and construction in progress with a net carrying amount of approximately RMB344,897,000, were pledged to secure the prepayment from customer A. Further details are given in note 23 to the Historical Financial Information.

The Company

	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	13,661	50,866	4,445	6,698	19,586	95,256
Accumulated depreciation and impairment	(3,835)	(15,633)	(1,581)	(1,865)	–	(22,914)
Net carrying amount	9,826	35,233	2,864	4,833	19,586	72,342
At 1 January 2023, net of accumulated depreciation and impairment	9,826	35,233	2,864	4,833	19,586	72,342
Additions	7,434	20,513	–	5,047	24,726	57,720
Disposals	–	(1)	–	(175)	–	(176)
Depreciation provided during the year	(3,374)	(6,032)	(804)	(1,745)	–	(11,955)
Impairment	–	(785)	–	(155)	–	(940)
Transfers	2,301	17,942	–	2,186	(22,429)	–
At 31 December 2023, net of accumulated depreciation and impairment	16,187	66,870	2,060	9,991	21,883	116,991
At 31 December 2023:						
Cost	23,396	89,061	4,445	13,509	21,883	152,294
Accumulated depreciation and impairment	(7,209)	(22,191)	(2,385)	(3,518)	–	(35,303)
Net carrying amount	16,187	66,870	2,060	9,991	21,883	116,991

	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024:						
Cost	23,396	89,061	4,445	13,509	21,883	152,294
Accumulated depreciation and impairment	(7,209)	(22,191)	(2,385)	(3,518)	–	(35,303)
Net carrying amount	16,187	66,870	2,060	9,991	21,883	116,991
At 1 January 2024, net of accumulated depreciation and impairment	16,187	66,870	2,060	9,991	21,883	116,991
Additions	2,626	11,826	–	2,618	27,731	44,801
Disposals	–	(65)	–	(10)	–	(75)
Depreciation provided during the year	(4,561)	(8,965)	(804)	(2,806)	–	(17,136)
Transfers	–	25,334	–	618	(25,952)	–
At 31 December 2024, net of accumulated depreciation and impairment	14,252	95,000	1,256	10,411	23,662	144,581
At 31 December 2024:						
Cost	26,022	121,344	4,445	16,442	23,662	191,915
Accumulated depreciation and impairment	(11,770)	(26,344)	(3,189)	(6,031)	–	(47,334)
Net carrying amount	14,252	95,000	1,256	10,411	23,662	144,581

	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Disposal of fixed assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	26,022	121,344	4,445	16,442	–	23,662	191,915
Accumulated depreciation and impairment	(11,770)	(26,344)	(3,189)	(6,031)	–	–	(47,334)
Net carrying amount	14,252	95,000	1,256	10,411	–	23,662	144,581
At 1 January 2025, net of accumulated depreciation and impairment	14,252	95,000	1,256	10,411	–	23,662	144,581
Additions	5,339	19,409	–	2,590	–	86,414	113,752
Disposals	–	(9,272)	–	(167)	3,412	–	(6,027)
Depreciation provided during the year	(5,842)	(12,594)	(681)	(3,173)	–	–	(22,290)
Transfers	9,658	70,966	–	1,263	–	(81,887)	–
At 31 December 2025, net of accumulated depreciation and impairment	23,407	163,509	575	10,924	3,412	28,189	230,016
At 31 December 2025:							
Cost	41,019	198,784	4,445	19,412	5,410	28,189	297,259
Accumulated depreciation and impairment	(17,612)	(35,275)	(3,870)	(8,488)	(1,998)	–	(67,243)
Net carrying amount	23,407	163,509	575	10,924	3,412	28,189	230,016

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts mainly for various items of buildings used in its operations. Leases of buildings generally have lease terms between 2 years and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases.

(a) Right-of-use assets

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

The Group

	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	29,790	13,928	43,718
Additions	17,190	3,759	20,949
Depreciation charge	(876)	(3,985)	(4,861)
As at 31 December 2023 and 1 January 2024	46,104	13,702	59,806
Additions	–	10,092	10,092
Depreciation charge	(966)	(4,918)	(5,884)
Disposal as a result of decrease in the scope of lease	–	(2,268)	(2,268)
As at 31 December 2024 and 1 January 2025	45,138	16,608	61,746
Depreciation charge	(963)	(5,484)	(6,447)
As at 31 December 2025	44,175	11,124	55,299

As at 31 December 2024 and 2025, certain of the Group's leasehold land with a net carrying amount of RMB21,835,000 and RMB21,305,000, respectively, was pledged to secure certain interest-bearing bank borrowings of the Group. Further details are given in note 25 to the Historical Financial Information.

As at 31 December 2025, certain of the Group's leasehold land with a net carrying amount of RMB6,571,000, was pledged to secure the prepayment from customer A. Further details are given in note 23 to the Historical Financial Information.

The Company

	Buildings
	RMB'000
As at 1 January 2023	12,277
Additions	1,981
Depreciation charge	(3,267)
As at 31 December 2023 and 1 January 2024	10,991
Additions	10,092
Depreciation charge	(4,475)
As at 31 December 2024 and 1 January 2025	16,608
Depreciation charge	(5,484)
As at 31 December 2025	11,124

(b) Lease liabilities

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as at the beginning of the year	17,258	17,736	20,012
New leases	3,759	10,092	–
Accretion of interest recognised during the year	831	849	751
Payments	(4,112)	(6,278)	(7,446)
Disposal as a result of decrease in the scope of lease	–	(2,387)	–
Carrying amount at the end of the year	17,736	20,012	13,317
Analysed into:			
Current portion	7,809	9,491	8,320
Non-current portion	9,927	10,521	4,997

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount as at the beginning of the year	15,762	14,886	20,012
New leases	1,981	10,092	–
Accretion of interest recognised during the year	755	814	751
Payments	(3,612)	(5,780)	(7,446)
Carrying amount at the end of the year	14,886	20,012	13,317
Analysed into:			
Current portion	6,985	9,491	8,320
Non-current portion	7,901	10,521	4,997

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	831	849	751
Depreciation charge of right-of-use assets	4,861	5,884	6,447
Expense relating to short-term leases	6	–	56
Total amount recognised in profit or loss	**5,698**	**6,733**	**7,254**

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	755	814	751
Depreciation charge of right-of-use assets	3,267	4,475	5,484
Total amount recognised in profit or loss	**4,022**	**5,289**	**6,235**

(d) The total cash outflow for leases is disclosed in note 29 to the Historical Financial Information.

15. DEFERRED TAX

The Group

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

Deferred tax assets

	Impairment of financial assets	Impairment of inventories and property, plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Sales rebate	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	663	2,364	2,738	5,162	–	–	369	11,296
Deferred tax credited to profit or loss during the year *(note 10)*	251	237	207	3,381	117	3,606	818	8,617
Gross deferred tax assets at 31 December 2023 and 1 January 2024	914	2,601	2,945	8,543	117	3,606	1,187	19,913
Deferred tax (charged)/ credited to profit or loss during the year *(note 10)*	(91)	(498)	57	2,448	(13)	4,136	(1,033)	5,006
Gross deferred tax assets at 31 December 2024 and 1 January 2025	823	2,103	3,002	10,991	104	7,742	154	24,919
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	454	303	(1,004)	(553)	77	(3,268)	875	(3,116)
Gross deferred tax assets at 31 December 2025	1,277	2,406	1,998	10,438	181	4,474	1,029	21,803

Deferred tax liabilities

	Fair value changes in financial assets at fair value through profit or loss	Right-of-use assets	One-off depreciation of fixed assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	2,255	3,328	5,583
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	22	70	(245)	(153)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	22	2,325	3,083	5,430
Deferred tax (credited)/charged to profit or loss during the year *(note 10)*	(22)	166	(341)	(197)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	–	2,491	2,742	5,233
Deferred tax credited to profit or loss during the year *(note 10)*	–	(822)	(478)	(1,300)
Gross deferred tax liabilities at 31 December 2025	–	1,669	2,264	3,933

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	14,483	19,686	17,870

As at 31 December 2023, 2024 and 2025, the Group has tax losses arising in the Chinese mainland of RMB38,729,000, RMB73,282,000 and RMB69,592,000 that will expire in one to ten years for offsetting against future taxable profits.

The Company

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

Deferred tax assets

	Impairment of financial assets	Impairment of inventories and property, plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Sales rebate	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	762	1,425	2,365	–	–	–	246	4,798
Deferred tax credited/(charged) to profit or loss during the year	284	290	(133)	–	117	3,606	694	4,858
Gross deferred tax assets at 31 December 2023 and 1 January 2024	1,046	1,715	2,232	–	117	3,606	940	9,656
Deferred tax credited/ (charged) to profit or loss during the year	28	(74)	770	1,964	(13)	4,136	(940)	5,871
Gross deferred tax assets at 31 December 2024 and 1 January 2025	1,074	1,641	3,002	1,964	104	7,742	–	15,527
Deferred tax credited/(charged) to profit or loss during the year	933	(82)	(1,004)	(1,964)	(13)	(3,268)	526	(4,872)
Gross deferred tax assets at 31 December 2025	2,007	1,559	1,998	–	91	4,474	526	10,655

Deferred tax liabilities

	Fair value changes in financial assets at fair value through profit or loss	Right-of-use assets	One-off depreciation of fixed assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	1,842	3,328	5,170
Deferred tax charged/(credited) to profit or loss during the year	22	(193)	(245)	(416)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	22	1,649	3,083	4,754
Deferred tax (credited)/charged to profit or loss during the year	(22)	842	(341)	479
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	–	2,491	2,742	5,233
Deferred tax credited to profit or loss during the year	–	(822)	(478)	(1,300)
Gross deferred tax liabilities at 31 December 2025	–	1,669	2,264	3,933

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the Company's statement of financial position	4,902	10,294	6,722

As at 31 December 2023, 2024 and 2025, the Company has tax losses arising in the Chinese mainland of nil, RMB13,096,000 and nil that will expire in one to ten years for offsetting against future taxable profits.

16. INVESTMENTS IN ASSOCIATES

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	9,829	9,829	9,829
Goodwill on acquisition	–	–	–
Impairment	(5,329)	(5,329)	(5,329)
Total	**4,500**	**4,500**	**4,500**

The Group's other payable balances with an associate are disclosed in note 32 to the Historical Financial Information.

Particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Zigong Hanxing Dongheng Hydrogen Energy Technology Co., Ltd. ("自貢漢興東恒氫能科技有限公司")	Registered capital of RMB10,000,000	PRC/Chinese mainland	45%	Tail gas recovery for hydrogen production
Lan Feng Technology (Beijing) Co., Ltd. ("嵐蜂科技(北京)有限公司")	Registered capital of RMB1,000,000	PRC/Chinese mainland	19%	Software development

The English names of the associates represent the best effort made by the management of the associates to directly translate the Chinese names as they have not registered any official English names.

The Group's shareholdings in the associates all comprise equity shares held by the Company. The financial years of the above associates are coterminous with that of the Group.

As at the end of each of the Relevant Periods, Zigong Hanxing Dongheng Hydrogen Energy Technology Co., Ltd. had not yet commenced operations, so there are no financial statements for this associate for the Relevant Periods.

In 2021, due to the ongoing losses of Lan Feng Technology (Beijing) Co., Ltd. which were not expected to improve, the Group fully impaired its investment in this associate in the amount of RMB5,329,000. After that, this associate ceased operations, so there are no financial statements for this associate for the Relevant Periods.

The following table illustrates the financial information of the Group's associates:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' profit/(loss) for the year	–	–	–
Share of the associates' total comprehensive profit/(loss)	–	–	–
Carrying amount of the Group's investments in the associates	4,500	4,500	4,500

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments to suppliers	1,971	2,706	5,679
Other receivables	2,343	434	609
Value-added tax recoverable	3,603	997	35,883
Capitalized [**REDACTED**]	–	–	[**REDACTED**]
Deposits	2,449	2,451	3,059
Staff advance	26	19	23
	10,392	6,607	47,828
Non-current			
Prepayments for property, plant and equipment	19,914	6,651	93,896
Value-added tax recoverable	11,795	32,572	–
Total	**31,709**	**39,223**	**93,896**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments to suppliers	1,428	1,757	1,979
Other receivables	1,679	381	514
Value-added tax recoverable	–	997	3,093
Capitalized [**REDACTED**]	–	–	[**REDACTED**]
Deposits	1,467	1,468	2,078
Staff advance	9	–	–
Total	**4,583**	**4,603**	**10,239**
Non-current			
Prepayments for property, plant and equipment	471	256	4,562
Total	**471**	**256**	**4,562**

18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	25,764	22,090	51,223
Work in progress	8,170	11,359	14,935
Goods in transit	3,301	3,720	14,569
Finished goods	31,660	39,680	79,439
	68,895	76,849	160,166
Impairment allowance	(13,578)	(13,424)	(15,439)
Total	**55,317**	**63,425**	**144,727**

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	12,609	13,578	13,424
Provision for impairment losses, net	2,178	3,207	4,105
Write-off of impairment losses, net	(1,209)	(3,361)	(2,090)
At the end of the year	13,578	13,424	15,439

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	8,719	9,802	33,742
Work in progress	7,902	10,697	10,169
Goods in transit	3,651	3,954	15,529
Finished goods	17,297	23,711	57,747
	37,569	48,164	117,187
Impairment allowance	(10,038)	(10,341)	(9,797)
Total	**27,531**	**37,823**	**107,390**

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	8,855	10,038	10,341
Provision for impairment losses, net	2,392	2,759	1,546
Write-off of impairment losses, net	(1,209)	(2,456)	(2,090)
At the end of the year	10,038	10,341	9,797

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	36,803	62,443	175,237
Bills receivable	95,454	82,039	607,472
Impairment	(2,967)	(4,085)	(7,112)
Total	**129,290**	**140,397**	**775,597**
Denominated in RMB	127,496	136,621	770,896
Denominated in USD	1,794	3,776	4,701
Total	**129,290**	**140,397**	**775,597**

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance are required. The credit term is generally one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivables were all aged within six months and were not past due.

As at 31 December 2025, certain of the bills receivable with a net carrying amount of RMB1,283,000, were pledged to secure certain of the interest-bearing bank borrowings of the Group (note 25).

As at 31 December 2023, and 2024, certain of the trade receivables with net carrying amounts of RMB10,000,000 and RMB10,000,000, respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Group (note 25).

As at 31 December 2023, 2024 and 2025, certain of the bills receivable with net carrying amounts of RMB89,694,000, RMB35,081,000 and RMB442,001,000, respectively, were pledged to secure certain of the bills payable of the Group (note 22).

An ageing analysis of the Group's trade and bills receivables as at 31 December 2023, 2024 and 2025, based on the revenue recognition date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	129,285	138,748	772,552
1 to 2 years	5	1,649	3,045
Total	**129,290**	**140,397**	**775,597**

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,710	2,967	4,085
Impairment losses, net	(743)	1,373	3,027
Amount written off as uncollectible	–	(255)	–
At the end of the year	2,967	4,085	7,112

The Group applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management's approval.

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

The Group

As at 31 December 2023

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
	(%)	*RMB'000*	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00	971	971	–
Provision on a collective basis				
Aged less than 1 year	0.65	130,130	845	129,285
Aged 1 to 2 years	50.00	10	5	5
Aged over 2 years	100.00	1,146	1,146	–
Total		**132,257**	**2,967**	**129,290**

As at 31 December 2024

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
	(%)	*RMB'000*	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00	971	971	–
Provision on a collective basis				
Aged less than 1 year	0.81	139,876	1,128	138,748
Aged 1 to 2 years	39.71	2,735	1,086	1,649
Aged over 2 years	100.00	900	900	–
Total		**144,482**	**4,085**	**140,397**

As at 31 December 2025

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
	(%)	*RMB'000*	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00	971	971	–
Provision on a collective basis				
Aged less than 1 year	0.50	776,435	3,883	772,552
Aged 1 to 2 years	30.64	4,390	1,345	3,045
Aged over 2 years	100.00	913	913	–
Total		**782,709**	**7,112**	**775,597**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	36,143	60,916	174,577
Bills receivable	95,454	81,987	471,984
Impairment	(2,307)	(3,425)	(6,452)
Net carrying amount	129,290	139,478	640,109

The Company's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance are required. The credit term is generally one to three months. The Company seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Company's bills receivable were all aged within six months and were not past due.

As at 31 December 2025, certain of the bills receivable with a net carrying amount of RMB1,283,000, were pledged to secure certain of the interest-bearing bank borrowings of the Company (note 25).

As at 31 December 2023 and 2024, certain of the trade receivables with net carrying amounts of RMB10,000,000 and RMB10,000,000, respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Company (note 25).

As at 31 December 2023, 2024 and 2025, certain of the bills receivable with net carrying amounts of RMB89,694,000, RMB35,081,000 and RMB442,001,000, respectively, were pledged to secure certain of the bills payable of the Company (note 22).

An ageing analysis of the Company's trade and bills receivables as at 31 December 2023, 2024 and 2025, based on the revenue recognition date and net of loss allowance, is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	129,285	137,829	637,064
1 to 2 years	5	1,649	3,045
Total	**129,290**	**139,478**	**640,109**

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,050	2,307	3,425
Impairment losses, net	(743)	1,373	3,027
Amount written off as uncollectible	–	(255)	–
At the end of the year	2,307	3,425	6,452

The Company applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management's approval.

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

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
	(%)	*RMB'000*	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00	971	971	–
Provision on a collective basis				
Aged less than 1 year	0.65	130,130	845	129,285
Aged 1 to 2 years	50.00	10	5	5
Aged over 2 years	100.00	486	486	–
Total		**131,597**	**2,307**	**129,290**

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
	(%)	*RMB'000*	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00	971	971	–
Provision on a collective basis				
Aged less than 1 year	0.81	138,958	1,129	137,829
Aged 1 to 2 years	39.71	2,735	1,086	1,649
Aged over 2 years	100.00	239	239	–
Total		**142,903**	**3,425**	**139,478**

As at 31 December 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
	(%)	*RMB'000*	*RMB'000*	*RMB'000*
Provision on an individual basis	100.00	971	971	–
Provision on a collective basis				
Aged less than 1 year	0.61	640,947	3,883	637,064
Aged 1 to 2 years	30.64	4,390	1,345	3,045
Aged over 2 years	100.00	253	253	–
Total		**646,561**	**6,452**	**640,109**

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management product	20,145	–	–

The wealth management product was issued by bank in the Chinese mainland, which does not guarantee principal or returns, with maturity of one month. It was mandatorily classified as financial asset at fair value through profit or loss as its contractual cash flows is not solely payments of principal and interest.

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

		As at 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances		165,297	18,805	83,774
Less:				
Restricted bank deposits:				
Pledged for issuance of bills	*(i)*	57,905	988	29,344
Pledged for issuance of letters of guarantee	*(ii)*	–	–	32,000
Restricted cash-current portion		57,905	988	61,344
Cash and cash equivalents		107,392	17,817	22,430
Denominated in USD		50	2,680	4
Denominated in RMB		165,247	16,125	83,770
Total		**165,297**	**18,805**	**83,774**

(i) As at 31 December 2023, 2024 and 2025, deposits of RMB57,905,000, RMB988,000 and RMB29,344,000, respectively, were pledged for the issuance of bills payable.

(ii) As at 31 December 2025, deposits of RMB32,000,000 were pledged to issue letters of guarantee in banks to provide guarantees in respect of cooperation agreement signed with customer A.

The Company

		As at 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances		119,955	12,249	82,600
Less:				
Restricted bank deposits:				
Pledged for issuance of bills	*(i)*	57,905	988	29,344
Pledged for issuance of letters of guarantee	*(ii)*	–	–	32,000
Restricted cash-current portion		57,905	988	61,344
Cash and cash equivalents		62,050	11,261	21,256
Denominated in USD		50	2,680	4
Denominated in RMB		119,905	9,569	82,596
Total		**119,955**	**12,249**	**82,600**

(i) As at 31 December 2023, 2024 and 2025, deposits of RMB57,905,000, RMB988,000 and RMB29,344,000, respectively, were pledged for issuance of bills payable.

(ii) As at 31 December 2025, deposits of RMB32,000,000 were pledged to issue the letters of guarantee in banks to provide guarantees in respect of cooperation agreement signed with customer A.

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

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

22. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	61,304	99,796	169,474
Bills payable	154,986	66,317	475,529
	216,290	166,113	645,003

The trade payables are non-interest-bearing and are normally settled within 90 days.

As at 31 December 2023, 2024 and 2025, certain of the bills payable of the Group were secured by certain of the bills receivable with net carrying amounts of RMB89,694,000, RMB35,081,000 and RMB442,001,000, respectively (note 19).

An ageing analysis of the trade and bills payables as at 31 December 2023, 2024 and 2025, based on the invoice date, is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	214,502	164,748	641,039
1 to 2 years	1,788	1,365	3,964
	216,290	166,113	645,003

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	26,230	27,053	122,622
Bills payable	154,986	66,317	475,529
	181,216	93,370	598,151

The trade payables are non-interest-bearing and are normally settled within 90 days.

As at 31 December 2023, 2024 and 2025, certain of the bills payable of the Company were secured by certain of the bills receivable with net carrying amounts of RMB89,694,000, RMB35,081,000 and RMB442,001,000, respectively (note 19).

An ageing analysis of the trade and bills payables as at 31 December 2023, 2024 and 2025, based on the invoice date, is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	179,478	92,122	594,503
1 to 2 years	1,738	1,248	3,648
	181,216	93,370	598,151

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables for purchase of property, plant and equipment	126,233	194,613	208,772
Payroll and welfare payable	5,788	4,386	10,052
Accrued [**REDACTED**]	–	–	[**REDACTED**]
Other tax payables	480	1,229	3,108
Other current liabilities*	881	6,141	403,442
Other payable	2,429	3,689	3,295
Value-added tax payables	1,056	299	9,049
Deposits payable	1,000	1,000	1,700
Total	**137,867**	**211,357**	**643,328**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables for purchase of property, plant and equipment	20,866	29,934	58,754
Payroll and welfare payable	3,903	2,418	7,102
Accrued [**REDACTED**]	–	–	[**REDACTED**]
Other tax payables	182	54	1,153
Other current liabilities*	881	6,090	403,442
Other payable	1,431	61	1,266
Value-added tax payables	1,056	–	8,111
Deposits payable	1,000	1,000	1,500
Total	**29,319**	**39,557**	**485,238**

Other payables are unsecured and non-interest-bearing, repayable within 1 year. The fair values of other payables at 31 December 2023, 2024 and 2025 approximated to their corresponding carrying amounts.

* In 2025, the Company signed cooperation agreements with customer A, under which customer A would make prepayment of approximately RMB748,000,000. As of 31 December 2025, the Company had received RMB403,000,000 as a prepayment from customer A, which was secured by: (1) the Group's plant and machinery with a net carrying amount of RMB344,897,000; (2) the Group's leasehold land with a net carrying amount of RMB6,571,000 and (3) letters of guarantee in banks amounting to RMB160,000,000.

24. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group and the Company

	As at 1 January	As at 31 December		
	2023	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of goods	7,607	23,648	49,575	7,252

Contract liabilities include advances received from customers.

25. INTEREST-BEARING BANK BORROWINGS

The Group

		As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Notes	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current										
Bank loans – secured	*(b)*	3.60	2024	9,936	3.30	2025	10,000	1.38-3.60	2026	1,283
Bank loans – secured	*(c)*	2.90-3.60	2024	50,045	2.65-3.30	2025	50,033	2.11-4.54	2026	78,694
Bank loans – unsecured		2.75-3.20	2024	19,759	2.00-2.70	2025	54,642	1.65-2.30	2026	105,000
Current portion of long term bank loans – secured	*(a)*	–	–	–	4.35-4.70	On demand	83,180	4.25-4.35	On demand	63,995
Total – current				**79,740**			**197,855**			**248,972**
Non-current										
Bank loans – secured	*(d)*	–	–	–	–	–	–	3.30	2027-2030	10,123
Total				**79,740**			**197,855**			**259,095**

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	79,740	197,855	248,972
In the second year	–	–	6,500
In the third to fifth years, inclusive	–	–	3,623
Total	**79,740**	**197,855**	**259,095**

(a) As at 31 December 2024 and 2025, certain of the Group's bank borrowings with amounts of RMB83,180,000 and RMB63,995,000, respectively, with a floating interest rate were secured by certain of the Group's leasehold land with net carrying amounts of RMB21,835,000 and RMB21,305,000, respectively, and by guarantees provided by Mr. Shen Bohua and Mr. Shen Yudong and their spouses.

(b) As at 31 December 2023, 2024 and 2025, certain of the Group's bank borrowings with the amounts of RMB9,936,000, RMB10,000,000, and RMB1,283,000, respectively, were secured by:

(i) certain of the Group's bills receivable with carrying amounts of nil, nil and RMB1,283,000, respectively; and

(ii) certain of the trade receivables of the Group with carrying amounts of RMB10,000,000, RMB10,000,000 and nil, respectively;

(c) As at 31 December 2023, 2024 and 2025, certain of the Group's bank borrowings with the amounts of RMB50,045,000, RMB50,033,000, and RMB78,694,000, respectively, were guaranteed by (i) Wuxi Dongheng Textile Co., Ltd. and Wuxi Dongheng New Energy Materials Co., Ltd., and (ii) Mr. Shen Bohua and Mr. Shen Yudong and their spouses.

(d) As at 31 December 2025, certain of the Group's bank borrowings amounting to RMB10,123,000 were guaranteed by Mr. Shen Bohua and Mr. Shen Yudong and their spouses.

The Company

		As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Notes	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current										
Bank loans – secured .	*(a)*	3.60	2024	9,936	3.30	2025	10,000	1.38-3.60	2026	1,283
Bank loans – secured .	*(b)*	3.45-3.60	2024	45,045	2.80-3.30	2025	40,033	2.11-4.54	2026	68,694
Total – current				**54,981**			**50,033**			**69,977**
Non-current										
Bank loans – secured .	*(c)*	–	–	–	–	–	–	3.30	2027-2030	10,123
Total				**54,981**			**50,033**			**80,100**

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	54,981	50,033	69,977
In the second year	–	–	6,500
In the third to fifth years, inclusive	–	–	3,623
Total	**54,981**	**50,033**	**80,100**

(a) As at 31 December 2023, 2024 and 2025, certain of the Company's bank borrowings with amounts of RMB9,936,000, RMB10,000,000 and RMB1,283,000, respectively, were secured by:

(i) certain of the Company's bills receivable with carrying amounts of nil, nil and RMB1,283,000, respectively; and

(ii) certain of the trade receivables of the Company, with carrying amounts of RMB10,000,000, RMB10,000,000 and nil, respectively.

(b) As at 31 December 2023, 2024 and 2025, certain of the Company's bank borrowings with amounts of RMB45,045,000, RMB40,033,000 and RMB68,694,000, respectively, were guaranteed by (i) a subsidiary Nantong Dongheng New Energy Technology Co., Ltd., (ii) the related parties, Wuxi Dongheng Textile Co., Ltd. and Wuxi Dongheng New Energy Materials Co., Ltd., and (iii) Mr. Shen Bohua and Mr. Shen Yudong and their spouses.

(c) As at 31 December 2025, certain of the Group's bank borrowings amounting to RMB10,123,000 were guaranteed by (i) a subsidiary, Nantong Dongheng New Energy Technology Co., Ltd. and (ii) Mr. Shen Bohua and Mr. Shen Yudong and their spouses.

26. PAID-IN CAPITAL/SHARE CAPITAL

	Numbers of ordinary shares	**Paid-in capital/share capital**
		RMB'000
As at 1 January 2023, 31 December 2023 and 31 December 2024 . . .	N/A	62,804
Capital contribution from a shareholder *(note a)*	N/A	1,669
Issue of ordinary shares upon conversion into a joint stock company *(note b)*	64,473,000	–
As at 31 December 2025	64,473,000	64,473

Notes:

(a) On 31 October 2025, the Company received a capital contribution of RMB6,000,000 in cash from one shareholder, resulting in RMB1,669,000 and RMB4,331,000 credited to the Company's paid-in capital and capital reserve, respectively.

(b) On 25 December 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company were converted into 64,473,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

Prior to the Relevant Periods, the Company entered into respective shareholders' agreements and share subscription agreements (collectively, the "**Pre-[REDACTED] Investors Agreements**") with various Investors (collectively, the "**Pre-[REDACTED] Investors**") and issued ordinary shares thereto for a total consideration of approximately RMB471,800,000 (collectively, the "**Pre-[REDACTED] Investments**") with the respective par value recorded as paid-in capital and the remainder as reserves. Pursuant to the Pre-[**REDACTED**] Investors Agreements, the Pre-[**REDACTED**] Investors were granted redemption rights by Mr. Shen Bohua and Mr. Shen Yudong, and the Company bears joint and several liability.

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

In May 2026, the Company, Mr. Shen Bohua and Mr. Shen Yudong and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreements (the "**Supplemental Agreements**"), under which the joint and several liability of the Company in respect of the redemption rights had been irrevocably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the Supplemental Agreements, the directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Relevant Periods.

Had the joint and several liability of the Company been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements in May 2026, (i) the redemption financial liabilities, total current liabilities and net liabilities would have been:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Redemption financial liabilities	561,650	600,194	638,738
Total current liabilities	1,033,593	1,239,085	2,196,433
Net liabilities	42,810	114,358	85,499

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finance costs associated with the redemption financial liabilities	38,544	38,544	38,544
Total net (loss)/ profit	(24,691)	(75,946)	20,962
Basic and diluted (loss)/profit per share (RMB)	(0.39)	(1.21)	0.33

27. RESERVES

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

Capital reserve

The capital reserve mainly comprises the share premium of the Group, which represents the difference between the par value of the shares issued and the consideration received.

Surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

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

	Capital reserve	Share-based compensation reserve	Surplus reserve	Retained profits	Total reserves
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	445,258	9,231	4,543	11,857	470,889
Profit and total comprehensive income	–	–	–	26,860	26,860
Share-based compensation reserve	–	2,470	–	–	2,470
Appropriation to statutory reserves	–	–	2,686	(2,686)	–
At 31 December 2023	445,258	11,701	7,229	36,031	500,219
Loss and total comprehensive loss	–	–	–	(21,179)	(21,179)
Share-based compensation reserve	–	4,398	–	–	4,398
At 31 December 2024	445,258	16,099	7,229	14,852	483,438
Profit and total comprehensive income	–	–	–	57,772	57,772
Capital contribution from a shareholder	4,331	–	–	–	4,331
Conversion into a joint stock company	24,609	–	(7,601)	(17,008)	–
Share-based compensation reserve	–	1,897	–	–	1,897
Appropriation to statutory reserves	–	–	5,777	(5,777)	–
At 31 December 2025	474,198	17,996	5,405	49,839	547,438

28. SHARE-BASED COMPENSATION SCHEME

Restricted share awards

The Company operates a share-based compensation scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's senior management and other key employees of the Group who, in the opinion of the board of directors, contribute directly to the overall business performance and sustainable development of the Group. The Scheme became effective on 30 June 2021.

On 30 June 2021, a total of 2,530,550 shares of the Company were awarded to the Company's senior management and other key employees of the Company at a consideration of RMB8,709,000. Amongst the shares awarded, a total of 754,725 shares awarded to Mr. Shen Yudong have been vested and settled without being subject to further conditions, and are recognised as expenses in a lump sum immediately on the grant date. The 1,775,825 shares awards are subject to service requirements from the date of grant to the later of (1) five years since the grant date and (2) the successful [**REDACTED**] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB18,491,000, and the fair value was determined by using the income approach, evaluating the value of equity based on future cash flows.

On 31 October 2024, a total of 48,207 shares of the Company were awarded to the Mr. Shen Yudong of the Company at a consideration of RMB171,000. All the awarded shares have been vested and settled without being subject to further conditions. The total fair value of the shares determined at the date of grant was equivalent to RMB2,163,000 and the fair value was determined with reference to the fair value of the most recent round of investment by external investors.

The amounts of RMB2,470,000, RMB4,398,000 and RMB1,897,000 in respect of the shares under the Scheme were recognised as expense and included in the staff costs for the years ended 31 December 2023, 2024 and 2025.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these shares. The Group accounts for the Scheme as an equity-settled plan.

Any dividends declared in respect of the shares awarded during the lock-up period belong to the participants. However, the participants do not have any voting right in respect of the shares awarded during the lock-up period.

The following shares were outstanding under the Scheme during the years ended 31 December 2023, 2024 and 2025:

	Number of shares
As at 1 January 2023, 31 December 2023 and 1 January 2024	2,530,550
Granted during the year	48,207
Forfeited during the year	(48,207)
As at 31 December 2024 and 31 December 2025	**2,530,550**

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,759,000, RMB10,092,000 and nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2023

	Bank borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2023	74,741	17,258
Changes from financing cash flows	2,066	(4,112)
Additions of lease liabilities	–	3,759
Interest expense *(note 7)*	2,933	831
At 31 December 2023	79,740	17,736

Year ended 31 December 2024

	Bank borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2024	79,740	17,736
Changes from financing cash flows	112,836	(6,278)
Interest capitalised *(note 7)*	1,340	–
Additions of lease liabilities	–	10,092
Disposal as a result of decrease in the scope of lease	–	(2,387)
Interest expense *(note 7)*	3,939	849
At 31 December 2024	197,855	20,012

Year ended 31 December 2025

	Bank borrowings	Lease liabilities	[REDACTED]
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	197,855	20,012	–
Changes from financing cash flows	53,167	(7,446)	**[REDACTED]**
Interest capitalised *(note 7)*	1,726	–	–
Interest expense *(note 7)*	6,347	751	–
[REDACTED] *(note 6)*	–	–	**[REDACTED]**
At 31 December 2025	259,095	13,317	**[REDACTED]**

(c) Total cash outflow for leases

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	6	–	56
Within financing activities	4,112	6,278	7,446
Total	**4,118**	**6,278**	**7,502**

30. COMMITMENTS

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	24,976	6,858	93,896

31. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits pledged for the issuance of the Group's bills payable to suppliers, and letters of guarantee are included in note 21 to the Historical Financial Information.

Details of the Group's leasehold land and property, plant and equipment pledged for the Group's bank borrowings and other payables and accruals are included in note 13, note 14, note 23 and note 25 to the Historical Financial Information.

Details of the Group's bills receivable pledged for the Group's bank borrowings are included in note 19 and note 25 to the Historical Financial Information.

Details of the Group's bills receivable pledged for the Group's bills payable are included in note 19 and note 22 to the Historical Financial Information.

Details of the Group's trade receivables pledged for the Group's bank borrowings are included in note 19 and note 25 to the Historical Financial Information.

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related party*	Relationship with the Company
Zigong Hanxing Dongheng Hydrogen Energy Technology Co., Ltd. ("自貢漢興東恒氫能科技有限公司")	Associate company
Ningbo Meishan Bonded Port Zone Wending Investment Co., Ltd. ("寧波梅山保税港區問鼎投資有限公司")	Shareholder holding 4.1692% of the Company's shares
Customer E	Shareholder holding 3.3988% of the Company's shares
Customer A	Parent company of Ningbo Meishan Bonded Part Zone Wending Investment Co., Ltd.
Wuxi Dongheng Textile Co., Ltd. ("無錫市東恒紡織有限公司")	Company controlled by Mr. Shen Bohua
Wuxi Dongheng New Energy Material Co., Ltd. ("無錫東恒新能源材料有限公司")	Company controlled by Mr. Shen Bohua

* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

(b) The transactions with related parties during the Relevant Periods are as follows:

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Sales of products to:			
Customer A	148,569	156,892	672,442
Customer E	5,609	10,558	26,140
Total	**154,178**	**167,450**	**698,582**
Rental expenses to:			
Wuxi Dongheng Textile Co., Ltd.	3,069	3,069	3,069

(c) Outstanding balances with related parties

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Contract liabilities			
Customer A	23,648	49,135	4,670
Other current liabilities			
Customer A	–	–	403,000
Trade related:			
Trade receivables			
Customer A	15,857	20,422	109,051
Customer E	1,939	5,271	13,688
Total	**17,796**	**25,693**	**122,739**
Non-trade related:			
Due to a related party			
Zigong Hanxing Dongheng Hydrogen Energy Technology Co., Ltd.	4,500	4,500	4,500

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Contract liabilities			
Customer A	23,648	49,135	4,670
Other current liabilities			
Customer A	–	–	403,000
Trade related:			
Trade receivables			
Customer A	15,857	20,422	109,051
Customer E	1,939	5,271	13,688
Total	**17,796**	**25,693**	**122,739**
Trade related:			
Due to a subsidiary			
Nantong Dongheng New Energy Technology Co., Ltd.	–	52	1,739
Non-trade related:			
Due to a subsidiary			
Dongheng (Lianjiang) New Energy Technology Co., Ltd.	10,000	10,000	10,000
Non-trade related:			
Due from subsidiaries			
Zigong Dongheng New Energy Technology Co., Ltd.	185,289	281,635	491,128
Nantong Dongheng New Energy Technology Co., Ltd.	169,589	69,816	134,675
Total	**354,878**	**351,451**	**625,803**
Non-trade related:			
Due to a related party			
Zigong Hanxing Dongheng Hydrogen Energy Technology Co., Ltd.	4,500	4,500	4,500

(i) The prices are mutually agreed after taking the prevailing market prices into consideration.

(ii) The amounts due from related parties are unsecured, interest-free and repayable on demand. The management of the Company considers that there is no significant credit risk for amounts due from related parties.

(iii) The amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,648	1,646	1,636
Performance related bonuses	240	–	450
Share-based payment expenses	466	466	466
Pension scheme contributions and social welfare	50	52	52
Total	**2,404**	**2,164**	**2,604**

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

(e) Redemption rights of the Pre-[REDACTED] Investors granted by Mr. Shen Bohua and Mr. Shen Yudong

Prior to the Relevant Periods, the Pre-[**REDACTED**] Investors had been granted redemption rights by Mr. Shen Bohua and Mr. Shen Yudong, and the Company bears joint and several liability. Pursuant to another supplemental agreement entered into by the Company, Mr. Shen Bohua and Mr. Shen Yudong and the Pre-[**REDACTED**] Investors in May 2026, the redemption right was terminated prior to the first submission of the [**REDACTED**] to the Stock Exchange.

33. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 31 December 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland (the "**Endorsed Bills**") with carrying amounts of RMB881,000, RMB6,032,000 and RMB106,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the Relevant Periods to which the suppliers have recourse were RMB1,945,000, RMB12,115,000 and RMB294,000 at 31 December 2023, 2024 and 2025, respectively.

At 31 December 2023, 2024 and 2025, the Group discounted certain bills receivable accepted by banks in Chinese mainland (the "**Discounted Bills**") with carrying amounts of nil, nil and RMB1,283,000, respectively (the "**Discounting**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated banking borrowings. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amounts of the Discounted Bills to which the banks have recourse were nil, nil, and RMB5,830,000 as at 31 December 2023, 2024 and 2025, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024 and 2025, the Group endorsed certain bills receivable that were not due and were accepted by banks in the Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB11,994,000, RMB24,717,000 and RMB69,131,000, respectively, and discounted certain bills receivable that were not due and were accepted by banks in Chinese mainland (the "**Derecognised Bills**") with carrying amounts of nil, RMB10,033,000 and RMB50,273,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of each of the relevant periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, disregarding the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024 and 2025, the Group did not recognise any losses, on the date of transfer of the Derecognised Bills.

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

As at 31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables	–	132,257	132,257
Financial assets included in prepayments, other receivables and other assets	–	4,818	4,818
Financial assets at fair value through profit or loss	20,145	–	20,145
Restricted cash	–	57,905	57,905
Cash and cash equivalents	–	107,392	107,392
Total	**20,145**	**302,372**	**322,517**

As at 31 December 2024

	Financial assets at amortised cost
	RMB'000
Trade and bills receivables	144,482
Financial assets included in prepayments, other receivables and other assets	2,904
Restricted cash	988
Cash and cash equivalents	17,817
Total	**166,191**

As at 31 December 2025

	Financial assets at amortised cost
	RMB'000
Trade and bills receivables	782,709
Financial assets included in prepayments, other receivables and other assets	3,691
Financial assets at fair value through profit or loss	–
Restricted cash	61,344
Cash and cash equivalents	22,430
Total	**870,174**

Financial liabilities

As at 31 December 2023

	Financial liabilities at amortised cost
	RMB'000
Amounts due to a related party	4,500
Financial liabilities included in other payables and accruals	130,543
Trade and bills payables	216,290
Interest-bearing bank borrowings	79,740
Total	**431,073**

As at 31 December 2024

	Financial liabilities at amortised cost
	RMB'000
Amounts due to a related party	4,500
Financial liabilities included in other payables and accruals	205,443
Trade and bills payables	166,113
Interest-bearing bank borrowings	197,855
Total	**573,911**

As at 31 December 2025

	Financial liabilities at amortised cost
	RMB'000
Amounts due to a related party	4,500
Financial liabilities included in other payables and accruals	617,209
Trade and bills payables	645,003
Interest-bearing bank borrowings	259,095
Total	**1,525,807**

For the details of pre-[**REDACTED**] investments, please refer to note 26 to this report.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, financial assets included in prepayments, other receivables and other assets, trade and bills receivables, financial assets at fair value through profit or loss, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to a related party and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in a wealth management product issued by bank in the Chinese mainland. The Group has estimated the fair value of the wealth management product by using the net value report of the wealth management product provided by the bank.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	20,145	–	20,145

As at 31 December 2024 and 31 December 2025, there were no financial assets measured at fair value.

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

For the details of pre-[**REDACTED**] investments, please refer to note 26 to this report.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in fair value relates primarily to the Group's bank borrowings with a floating interest rate.

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

	Increase/ (decrease) in basis points	**Decrease/ (increase) in profit/(loss) after tax**	**Decrease/ (increase) in equity**
		RMB'000	*RMB'000*
Year ended 31 December 2023			
RMB	100	–	–
RMB	(100)	–	–
Year ended 31 December 2024			
RMB	100	416	416
RMB	(100)	(416)	(416)
Year ended 31 December 2025			
RMB	100	736	736
RMB	(100)	(736)	(736)

Foreign currency risk

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

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD and RMB exchange rates, with all other variables held constant, of the Group's profit or loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	(Decrease)/ increase in foreign exchange	(Decrease)/ increase in profit/(loss) after tax	(Decrease)/ increase in equity
	rate%	*RMB'000*	*RMB'000*
Year ended 31 December 2023			
If RMB strengthens against USD	(5)	(92)	(92)
If RMB weakens against USD	5	92	92
Year ended 31 December 2024			
If RMB strengthens against USD	(5)	(455)	(455)
If RMB weakens against USD	5	455	455
Year ended 31 December 2025			
If RMB strengthens against USD	(5)	(71)	(71)
If RMB weakens against USD	5	71	71

Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Concentrations of credit risk are managed by customer/counterparty and by industry sector.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year -end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross amounts for financial assets.

31 December 2023

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	132,257	132,257
Financial assets included in prepayments, other receivables and other assets**	3,389	–	1,429	–	4,818
– Normal	3,389	–	–	–	3,389
– Doubtful	–	–	1,429	–	1,429
Restricted cash	57,905	–	–	–	57,905
Cash and cash equivalents	107,392	–	–	–	107,392
Total	**168,686**	**–**	**1,429**	**132,257**	**302,372**

31 December 2024

	12 months ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	144,482	144,482
Financial assets included in prepayments, other receivables and other assets**	1,645	–	1,259	–	2,904
– Normal	1,645	–	–	–	1,645
– Doubtful	–	–	1,259	–	1,259
Restricted cash	988	–	–	–	988
Cash and cash equivalents	17,817	–	–	–	17,817
Total	**20,450**	**–**	**1,259**	**144,482**	**166,191**

31 December 2025

	12 months ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	782,709	782,709
Financial assets included in prepayments, other receivables and other assets**	2,432	–	1,259	–	3,691
– Normal	2,432	–	–	–	2,432
– Doubtful	–	–	1,259	–	1,259
Restricted cash	61,344	–	–	–	61,344
Cash and cash equivalents	22,430	–	–	–	22,430
Total	**86,206**	**–**	**1,259**	**782,709**	**870,174**

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

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

At the end of the each of the Relevant Periods, the Group had certain concentrations of credit risk as 81%, 85% and 94% of the Group's trade and bills receivables were due from the Group's five largest customers, respectively.

Liquidity risk

The Group monitors its exposure to liquidity risk by regularly monitoring short-term and long-term liquidity requirements, as well as compliance with borrowing agreements to ensure that adequate cash reserves and readily realisable liquidity are maintained.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

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

	As at 31 December 2023		
	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	8,324	10,915	19,239
Interest-bearing bank borrowings	80,587	–	80,587
Trade and bills payables	216,290	–	216,290
Financial liabilities included in other payables and accruals	130,543	–	130,543
Amounts due to a related party	4,500	–	4,500
Total expected undiscounted payments	**440,244**	**10,915**	**451,159**

	As at 31 December 2024			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	–	9,823	11,491	21,314
Interest-bearing bank borrowings	83,180	115,748	–	198,928
Trade and bills payables	–	166,113	–	166,113
Financial liabilities included in other payables and accruals	–	205,443	–	205,443
Amounts due to a related party	–	4,500	–	4,500
Total expected undiscounted payments	**83,180**	**501,627**	**11,491**	**596,298**

	As at 31 December 2025			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	–	8,789	5,241	14,030
Interest-bearing bank borrowings	63,995	187,346	11,677	263,018
Trade and bills payables	–	645,003	–	645,003
Financial liabilities included in other payables and accruals	–	617,209	–	617,209
Amounts due to a related party	–	4,500	–	4,500
Total expected undiscounted payments	**63,995**	**1,462,847**	**16,918**	**1,543,760**

Capital management

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

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

The Group monitors capital using a gearing ratio, which is total debt divided by the total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

The gearing ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total debt	482,652	650,105	1,574,018
Total assets	1,001,492	1,135,941	2,127,257
Gearing ratio	48.19%	57.23%	73.99%

37. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 31 December 2025.

38. SUBSEQUENT FINANCIAL STATEMENTS

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