*The following is the text of a report set out on pages I-1 to I-61, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*

KPMG

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU JASUNG INTELLIGENT INDUSTRIAL TECHNOLOGY CO., LTD.* 江蘇嘉軒智能工業科技股份有限公司 AND DONGXING SECURITIES (HONG KONG) COMPANY LIMITED**

**Introduction**

We report on the historical financial information of JIANGSU JASUNG INTELLIGENT INDUSTRIAL TECHNOLOGY CO., LTD.* 江蘇嘉軒智能工業科技股份有限公司 (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-61, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-61 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**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.

* *For identification purpose only*

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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

***Adjustments***

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

***Dividends***

We refer to Note 30(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

**KPMG**
*Certified Public Accountants*
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[Date]

## HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

*(Expressed in Renminbi ("**RMB**"))*

| | | Year ended December 31, | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Revenue** | 4 | 761,501 | 872,634 | 935,966 |
| Cost of sales | | (578,036) | (654,320) | (695,570) |
| **Gross profit** | | 183,465 | 218,314 | 240,396 |
| Other income | 5 | 8,698 | 20,213 | 13,533 |
| Selling and marketing expenses | | (61,438) | (69,329) | (73,486) |
| Administrative expenses | | (64,331) | (72,218) | (69,806) |
| Research and development expenses | | (30,186) | (32,281) | (39,200) |
| Impairment loss on trade receivables, other receivables and contract assets | | (3,749) | (8,464) | (10,081) |
| **Profit from operations** | | 32,459 | 56,235 | 61,356 |
| Finance costs | 6(a) | (10,517) | (11,753) | (15,898) |
| Share of profits/(losses) of associates | | 55 | 635 | (688) |
| **Profit before taxation** | 6 | 21,997 | 45,117 | 44,770 |
| Income tax | 7 | (987) | (4,279) | (3,198) |
| **Profit for the year** | | 21,010 | 40,838 | 41,572 |
| **Attributable to:** | | | | |
| Equity shareholders of the Company | | 21,010 | 40,838 | 41,572 |
| **Profit for the year** | | 21,010 | 40,838 | 41,572 |
| **Earnings per share** | | | | |
| Basic and diluted *(RMB)* | 10 | 0.35 | 0.65 | 0.65 |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in RMB)*

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Profit for the year** | 21,010 | 40,838 | 41,572 |
| **Other comprehensive income for the year (after tax and reclassification adjustments)** | | | |
| Item that will not be reclassified to profit or loss: | | | |
| Equity investments at FVOCI – net movement in fair value reserves (non-recycling) | – | – | (273) |
| **Other comprehensive income for the year** | – | – | (273) |
| **Total comprehensive income for the year** | 21,010 | 40,838 | 41,299 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | 21,010 | 40,838 | 41,299 |
| **Total comprehensive income for the year** | 21,010 | 40,838 | 41,299 |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Expressed in RMB)*

| | | As at December 31, | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | 11 | 114,043 | 187,467 | 204,905 |
| Investment property | 11 | 3,804 | – | – |
| Right-of-use assets | 12 | 47,714 | 43,252 | 40,721 |
| Intangible assets | 13 | 2,826 | 2,856 | 3,803 |
| Interests in associates | 15 | 10,054 | 10,689 | 20,000 |
| Equity securities designated at fair value through other comprehensive income ("**FVOCI**") | 16 | – | – | 4,527 |
| Prepayments and other receivables | 19 | 2,996 | 1,971 | 1,413 |
| Deferred tax assets | 28(b) | 10,261 | 15,472 | 17,141 |
| Contract assets | 22(a) | 3,528 | 12,400 | 19,377 |
| | | 195,226 | 274,107 | 311,887 |
| **Current assets** | | | | |
| Inventories | 17 | 429,411 | 449,454 | 510,871 |
| Contract assets | 22(a) | 7,425 | 18,414 | 32,470 |
| Trade and bills receivables | 18 | 638,009 | 607,182 | 771,373 |
| Prepayments and other receivables | 19 | 50,696 | 57,180 | 65,547 |
| Restricted bank deposits | 20(a) | 67,750 | 122,468 | 112,326 |
| Cash and cash equivalents | 20(a) | 56,084 | 104,858 | 78,482 |
| | | 1,249,375 | 1,359,556 | 1,571,069 |
| **Current liabilities** | | | | |
| Trade and bills payables | 21 | 560,489 | 537,408 | 601,387 |
| Contract liabilities | 22(b) | 162,519 | 151,179 | 112,913 |
| Other payables and accruals | 23 | 87,702 | 70,926 | 55,047 |
| Bank loans and other borrowings | 24 | 259,405 | 393,512 | 391,016 |
| Lease liabilities | 25 | 3,938 | 1,498 | 124 |
| Provision | 29 | 6,919 | 8,256 | 9,073 |
| | | 1,080,972 | 1,162,779 | 1,169,560 |
| **Net current assets** | | 168,403 | 196,777 | 401,509 |
| **Total assets less current liabilities** | | 363,629 | 470,884 | 713,396 |

| | | As at December 31, | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current liabilities** | | | | |
| Bank loans and other borrowings | 24 | 66,030 | 54,101 | 236,664 |
| Lease liabilities | 25 | 1,590 | 330 | 78 |
| Deferred income | 26 | 16,230 | 33,173 | 27,207 |
| | | 83,850 | 87,604 | 263,949 |
| **NET ASSETS** | | 279,779 | 383,280 | 449,447 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 30 | 61,501 | 63,408 | 64,154 |
| Reserves | 30 | 218,278 | 319,872 | 385,293 |
| **TOTAL EQUITY** | | 279,779 | 383,280 | 449,447 |

The accompanying notes form part of the Historical Financial Information.

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

*(Expressed in RMB)*

| | | As at December 31, | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | 11 | 114,043 | 187,467 | 204,905 |
| Investment property | 11 | 3,804 | – | – |
| Right-of-use assets | 12 | 47,714 | 43,252 | 40,721 |
| Intangible assets | 13 | 2,826 | 2,856 | 3,803 |
| Investments in subsidiaries | 14 | – | – | 3,583 |
| Interests in associates | 15 | 10,054 | 10,689 | 20,000 |
| Equity securities designated at fair value through other comprehensive income ("**FVOCI**") | 16 | – | – | 4,527 |
| Prepayments and other receivables | 19 | 2,996 | 1,971 | 1,413 |
| Deferred tax assets | 28(b) | 10,261 | 15,472 | 17,141 |
| Contract assets | 22(a) | 3,528 | 12,400 | 19,377 |
| | | 195,226 | 274,107 | 315,470 |
| **Current assets** | | | | |
| Inventories | 17 | 429,411 | 449,454 | 510,871 |
| Contract assets | 22(a) | 7,425 | 18,414 | 32,470 |
| Trade and bills receivables | 18 | 638,009 | 607,182 | 771,373 |
| Prepayments and other receivables | 19 | 50,696 | 57,200 | 65,312 |
| Restricted bank deposits | 20(a) | 67,750 | 122,468 | 112,326 |
| Cash and cash equivalents | 20(a) | 56,084 | 104,781 | 75,631 |
| | | 1,249,375 | 1,359,499 | 1,567,983 |
| **Current liabilities** | | | | |
| Trade and bills payables | 21 | 560,489 | 537,408 | 601,536 |
| Contract liabilities | 22(b) | 162,519 | 151,179 | 112,319 |
| Other payables and accruals | 23 | 87,642 | 70,773 | 54,791 |
| Bank loans and other borrowings | 24 | 259,405 | 393,512 | 391,016 |
| Lease liabilities | 25 | 3,938 | 1,498 | 124 |
| Provision | 29 | 6,919 | 8,256 | 9,073 |
| | | 1,080,912 | 1,162,626 | 1,168,859 |
| **Net current assets** | | 168,463 | 196,873 | 399,124 |
| **Total assets less current liabilities** | | 363,689 | 470,980 | 714,594 |

| | | As at December 31, | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current liabilities** | | | | |
| Bank loans and other borrowings | 24 | 66,030 | 54,101 | 236,664 |
| Lease liabilities | 25 | 1,590 | 330 | 78 |
| Deferred income | 26 | 16,230 | 33,173 | 27,207 |
| | | 83,850 | 87,604 | 263,949 |
| **NET ASSETS** | | 279,839 | 383,376 | 450,645 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 30 | 61,501 | 63,408 | 64,154 |
| Reserves | 30 | 218,338 | 319,968 | 386,491 |
| **TOTAL EQUITY** | | 279,839 | 383,376 | 450,645 |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(Expressed in RMB)*

| | | Attributable to equity shareholders of the Company | | | |
|---|---|---|---|---|---|
| | | **Share capital** | **Capital reserve** | **Accumulated losses** | **Total** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at January 1, 2023** | | 60,701 | 375,362 | (193,574) | 242,489 |
| **Changes in equity for 2023:** | | | | | |
| Total comprehensive income | | – | – | 21,010 | 21,010 |
| Issuance of ordinary shares | 30(b) | 800 | 15,200 | – | 16,000 |
| Equity-settled share-based transactions | 27 | – | 280 | – | 280 |
| **Balance at December 31, 2023** | | 61,501 | 390,842 | (172,564) | 279,779 |

| | | Attributable to equity shareholders of the Company | | | |
|---|---|---|---|---|---|
| | | **Share capital** | **Capital reserve** | **Accumulated losses** | **Total** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at January 1, 2024** | | 61,501 | 390,842 | (172,564) | 279,779 |
| **Changes in equity for 2024:** | | | | | |
| Total comprehensive income | | – | – | 40,838 | 40,838 |
| Issuance of ordinary shares | 30(b) | 1,907 | 60,093 | – | 62,000 |
| Equity-settled share-based transactions | 27 | – | 663 | – | 663 |
| **Balance at December 31, 2024** | | 63,408 | 451,598 | (131,726) | 383,280 |

| | | Attributable to equity shareholders of the Company | | | | |
|---|---|---|---|---|---|---|
| | | **Share capital** | **Capital reserve** | **Other reserve** | **Accumulated losses** | **Total** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at January 1, 2025** | | 63,408 | 451,598 | – | (131,726) | 383,280 |
| **Changes in equity for 2025:** | | | | | | |
| Profit for the year | | – | – | – | 41,572 | 41,572 |
| Other comprehensive income | | – | – | (273) | – | (273) |
| Total comprehensive income | | – | – | (273) | 41,572 | 41,299 |
| Issuance of ordinary shares | 30(b) | 746 | 23,520 | – | – | 24,266 |
| Equity-settled share-based transactions | 27 | – | 602 | – | – | 602 |
| **Balance at December 31, 2025** | | 64,154 | 475,720 | (273) | (90,154) | 449,447 |

The accompanying notes form part of the Historical Financial Information.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

*(Expressed in RMB)*

| | | Year ended December 31, | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Operating activities** | | | | |
| Cash used in operations | 20(b) | (64,533) | (12,386) | (120,030) |
| Income tax paid | 28(a) | (15,099) | (11,567) | (11,358) |
| **Net cash used in operating activities** | | (79,632) | (23,953) | (131,388) |
| **Investing activities** | | | | |
| Payment for the purchase of property, plant and equipment | | (42,659) | (106,410) | (65,537) |
| Payment for the purchase of intangible assets | | (297) | (489) | (1,505) |
| Payment for purchase of an unlisted equity security | | – | – | (4,800) |
| Payment for purchase of interests in associates | | – | – | (10,000) |
| Proceeds from disposal of investment property and property, plant and equipment | | – | 11,041 | 150 |
| **Net cash used in investing activities** | | (42,956) | (95,858) | (81,692) |
| **Financing activities** | | | | |
| Capital element of lease rental paid | 20(c) | (4,474) | (3,840) | (1,731) |
| Interest element of lease rental paid | 20(c) | (278) | (113) | (14) |
| Proceeds from bank loans and other borrowings | 20(c) | 289,544 | 392,021 | 290,722 |
| Repayment of bank loans and other borrowings | 20(c) | (204,061) | (269,917) | (110,530) |
| Interest paid | 20(c) | (10,148) | (11,566) | (16,009) |
| Proceeds from issuance of ordinary shares | | 16,000 | 62,000 | 24,266 |
| **Net cash generated from financing activities** | | 86,583 | 168,585 | 186,704 |
| **Net (decrease)/increase in cash and cash equivalents** | | (36,005) | 48,774 | (26,376) |
| **Cash and cash equivalents at January 1,** | | 92,089 | 56,084 | 104,858 |
| **Cash and cash equivalents at December 31,** | 20(a) | 56,084 | 104,858 | 78,482 |

The accompanying notes form part of the Historical Financial Information.

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Jiangsu Jasung Intelligent Industrial Technology Co., Ltd. *江蘇嘉軒智能工業科技股份有限公司 (formerly known as Changzhou Jasung CNC Equipment Co., Ltd.*常州嘉軒數控設備有限公司, the "**Company**") was incorporated in Changzhou, Jiangsu Province, the People's Republic of China (the "**PRC**") on June 20, 2005, as a limited liability company. On June 7, 2017, the Company was converted from a limited liability company into a joint stock limited liability company under the PRC Company Law.

During the Track Record Period, the Company and its subsidiaries (together, "**the Group**") are principally engaged in design, research and development (the "**R&D**") of various types of permanent magnet motor products.

The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Changzhou Xinhetai Certified Public Accountants (General Partnership)*(常州鑫禾泰會計師事務所(普通合夥)), Huayun (Jiangsu) Certified Public Accountants Co., Ltd.*(華雲(江蘇)會計師事務所有限公司), respectively. The statutory financial statements of the Company for the year ended 31 December 2025 has not been issued as at the date of this report.

The Historical Financial Information have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The Group has not applied any new standard or interpretation that is not yet effective during the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective are set out in Note 35.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

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

### 2 MATERIAL ACCOUNTING POLICIES INFORMATION

#### (a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial assets measured at FVOCI; and

– bills receivables measured at FVOCI.

#### (b) Use of estimates and judgements

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

* *For identification purpose only.*

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

**(c) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gain or loss) arising from intra-group transactions, are eliminated. Unrealized loss resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss (see Note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

**(d) Associates**

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An investment in an associate is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(e)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(e)(ii)).

**(e) Other investments in securities**

The Group's policies for investments in securities, other than investments in subsidiaries, associates, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

***(i) Non-equity investments***

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

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit loss, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income ("**FVOCI**") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit loss, interest income (calculated using the effective interest method) and foreign exchange gain and loss are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognised in other comprehensive income ("**OCI**"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– fair value through profit or loss ("**FVPL**") if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

***(ii) Equity investments***

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other net income.

**(f) Investment property and property, plant and equipment**

Investment property is initially measured at cost.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(s)(ii).

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss (see Note 2(i)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment loss (see Note 2(i)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

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

Depreciation is calculated to write-off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

| | |
|---|---|
| – Buildings | 20 years |
| – Machinery and equipment | 10 years |
| – Motor vehicles, office equipment and others | 3 to 4 years |
| – Investment property | 25 years |

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

**(g) Intangible assets**

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each periods.

Intangible assets with definite useful lives are amortized on the straight-line basis over the following useful economic lives:

| | |
|---|---|
| – Software | 3 to 10 years |

**(h) Leased assets**

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

***As a lessee***

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment loss (see Notes 2(h) and 2(i)(ii)). Depreciation is calculated using the straight-line method over unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(e)(i) and 2(i)(ii)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(i) Credit loss and impairment of assets**

***(i) Credit loss from financial instruments and contract assets***

The Group recognises a loss allowance for expected credit loss (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, restricted bank deposits, contract assets, trade receivables, bills receivable measured at amortised cost and other receivables).

Financial assets measured at fair value, including bills receivables measured at FVOCI (non-recycling) and equity securities measured at FVPL, are not subject to the ECL assessment.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit loss. Generally, credit loss are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

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

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

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

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

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instrument for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

*Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

*Credit-impaired financial assets*

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

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

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganization; or

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

*Write-off policy*

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

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

***(ii) Impairment of other non-current assets***

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then, to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

**(j) Inventories**

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

**(k) Contract assets and contract liabilities**

A contract asset is recognised when the Group recognises revenue (see Note 2(s)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

**(l) Trade and other receivables**

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost (see Note 2(i)(i)).

**(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

**(n) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

**(o) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs.

Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

**(p) Employee benefits**

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

***(ii) Share-based payments***

The Company grant the restricted share units ("**RSUs**") as incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of such share-based payments, whereby employees render services in exchange for equity instruments ("**equity- settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the RSUs at the grant date. The fair value of RSUs granted is recognised as expenses with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the RSUs model, taking into account the terms and conditions upon which the RSUs were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of RSUs, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of RSUs that will ultimately vest.

Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the RSUs, the total estimated fair value of the RSUs is expensed over the vesting period, taking into account the probability that the RSUs will vest. During the vesting period, the number of RSUs that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest with a corresponding adjustment to the capital reserve.

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 and 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. However, if a new award is substituted for the cancelled award, and it is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

***(iii) Termination benefits***

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

**(q) Income tax**

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– temporary differences related to investment in subsidiaries, associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax loss, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

**(r) Provisions**

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

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

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

**(s) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods.

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

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

***(i) Revenue from contracts with customers***

*Sales of products*

Revenue is recognised when the Group transfers the control over the products to customers or satisfies the performance obligation in the contract, generally on delivery or installation and acceptance of the products.

***(ii) Revenue from other sources and other income***

*(a) Rental income from operating leases*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

*(b) Interest income*

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

*(c) Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants related to assets shall be recognised as deferred income in the balance sheet and recorded in other income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expense or loss shall be recognised as deferred income and shall be recorded in other income in the period in which the relevant expense or loss are recognised; other government grants shall be recorded in other income directly.

**(t) Translation of foreign currencies**

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

**(u) Borrowing costs**

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

**(v) Related parties**

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (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).

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

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

**(w) Segment reporting**

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

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

## 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 27 and 31(e) contain information about the assumptions and risk factors relating to fair value of the financial assets. Other key sources of estimation uncertainty are as follows:

**(i) Net realisable value of inventories**

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realizable value.

**(ii) Provision of ECLs for trade and bills receivables and contract assets**

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. The provision rates are based on the aging of trade receivable as groupings of receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivable and contract assets are disclosed in Note 31(a), respectively.

## 4 REVENUE AND SEGMENT REPORTING

**(a) Revenue**

***(i) Disaggregation of revenue***

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

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Revenue from contracts with customers within the scope of IFRS 15** | | | |
| Disaggregated by major products lines | | | |
| – Sale of products | 761,501 | 872,634 | 935,966 |
| | 761,501 | 872,634 | 935,966 |

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Disaggregated by timing of revenue recognition** | | | |
| Point in time | 761,501 | 872,634 | 935,966 |

***(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

As at December 31, 2023, 2024 and 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB81,669,000, RMB124,818,000 and RMB158,264,000, respectively. These amounts represent revenue expected to be recognised in the future from the contracts for sales of products entered into by the customers with the Group. The Group will recognise the expected revenue in future when the relevant performance obligation is fulfilled, which is expected to occur over the next 12 to 36 months.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its contracts for sales of products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

**(b) Segment reporting**

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of permanent magnet motor products.

***(i) Geographic information***

IFRS 8, Operating Segments, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the Chinese Mainland and primarily all of its non-current operating assets were located in the Chinese Mainland. Accordingly, no geographical information is presented.

***(ii) Information about major customers***

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

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Customer A | 89,525 | N/A* | N/A* |

* Less than 10% of the Group's revenue in the respective year.

Details of concentrations of credit risk arising from the customers are set out in Note 31(a).

## 5 OTHER INCOME

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants *(Note)* | 3,323 | 8,273 | 6,292 |
| Value-added tax deduction | 4,068 | 3,919 | 4,750 |
| Interest income | 1,243 | 1,111 | 1,542 |
| Net (losses)/gains on disposal of investment property and property, plant and equipment | (8) | 6,568 | (158) |
| Others | 72 | 342 | 1,107 |
| | 8,698 | 20,213 | 13,533 |

*Note:* The Group received unconditional government grants from various local government authorities, as rewards of the Group's contribution to technology innovation and regional economic development.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **(a) Finance costs** | | | |
| Interest on | | | |
| – bank loans and other borrowings *(Note 20(c))* | 10,239 | 11,640 | 15,884 |
| – lease liabilities *(Note 20(c))* | 278 | 113 | 14 |
| | 10,517 | 11,753 | 15,898 |
| **(b) Staff costs** | | | |
| Salaries, wages and other benefits | 84,932 | 95,017 | 100,782 |
| Contributions to defined contribution retirement plan *(Note)* | 10,130 | 12,581 | 13,796 |
| Equity-settled share-based transactions | 280 | 663 | 602 |
| | 95,342 | 108,261 | 115,180 |

*Note:* Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **(c) Other items** | | | |
| Depreciation charge | | | |
| – owned property, plant and equipment *(Note 11)* | 4,387 | 6,762 | 13,370 |
| *– investment property (Note 11)* | 205 | 51 | – |
| – right-of-use assets *(Note 12)* | 5,101 | 4,601 | 2,635 |
| | 9,693 | 11,414 | 16,005 |
| Impairment loss on trade and bills receivables, other receivables and contract assets | 3,749 | 8,464 | 10,081 |
| Research and development expense *(Note)* | 30,186 | 32,281 | 39,200 |
| Cost of inventories sold *(Note)* | 578,036 | 654,320 | 695,570 |

*Note:* During the Track Record Period, research and development expense include staff cost, depreciation and amortization, which amounts are also included in the respective total amounts disclosed separately above.

During the Track Record Period, cost of inventories sold include staff cost, depreciation and amortization expenses, which amounts are also included in the respective total amounts disclosed separately above.

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### (a) Taxation in the consolidated statement of profit or loss represents

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current tax** | | | |
| Provision for the year | 4,625 | 9,490 | 4,867 |
| **Deferred tax** | | | |
| Origination and reversal of temporary differences *(Note 28(b))* | (3,638) | (5,211) | (1,669) |
| | 987 | 4,279 | 3,198 |

*Note:*

(i) According to the Corporate Income Tax Law of China (the "**Tax Law**"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises of 15%. The Company obtained the certificate of high-technology enterprise in 2021 and renewed in 2024 and was entitled to a preferential income tax rate of 15% till 2027.

### (b) Reconciliation between tax expenses and accounting profit at applicable tax rates

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before taxation | 21,997 | 45,117 | 44,770 |
| Income tax expenses calculated at statutory tax rate | 5,499 | 11,279 | 11,193 |
| Effect of tax preferential rate | (2,200) | (4,512) | (4,477) |
| Effect of non-deductible costs, expenses and loss | 2,110 | 2,278 | 2,362 |
| Effect of additional deduction on the R&D expenses | (4,422) | (4,766) | (5,880) |
| Actual tax expenses | 987 | 4,279 | 3,198 |

## 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Year ended December 31, 2023

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-total | Share-based payments *(Note iii)* | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Executive directors** | | | | | | | |
| Fu Jie | – | 379 | 140 | 11 | 530 | 98 | 628 |
| Wang Yong | – | 510 | 2,018 | 14 | 2,542 | – | 2,542 |
| Zhang Chunhui | – | 551 | 1,140 | 10 | 1,701 | – | 1,701 |
| **Non-executive Directors** | | | | | | | |
| Wei Bin | – | – | – | – | – | – | – |
| Xu Jinxiu | – | 210 | – | – | 210 | – | 210 |
| Yang Qiuju | – | 216 | 15 | 10 | 241 | – | 241 |
| **Supervisors** | | | | | | | |
| Xu Jian | – | 144 | 138 | 9 | 291 | – | 291 |
| Hu Bin | – | 173 | – | 9 | 182 | – | 182 |
| Zheng Yaojun | – | 156 | 27 | 9 | 192 | – | 192 |
| | – | 2,339 | 3,478 | 72 | 5,889 | 98 | 5,987 |

Year ended December 31, 2024

| | Notes | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-total | Share-based payments *(Note iii)* | Total |
|---|---|---|---|---|---|---|---|---|
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Executive directors** | | | | | | | | |
| Fu Jie | | – | 416 | 593 | 11 | 1,020 | 239 | 1,259 |
| Wang Yong | | – | 416 | 1,518 | 14 | 1,948 | – | 1,948 |
| Zhang Chunhui | | – | 430 | 1,025 | 11 | 1,466 | – | 1,466 |
| **Non-executive Directors** | | | | | | | | |
| Wei Bin | | – | – | – | – | – | – | – |
| Xu Jinxiu | | – | 214 | 12 | – | 226 | – | 226 |
| Yang Qiuju | | – | 229 | 32 | 10 | 271 | – | 271 |
| **Independent non executive directors** | | | | | | | | |
| Liu Ye | (i) | 45 | – | – | – | 45 | – | 45 |
| Yang Hongqin | (i) | 45 | – | – | – | 45 | – | 45 |
| Lin Mingyao | (i) | 45 | – | – | – | 45 | – | 45 |
| **Supervisors** | | | | | | | | |
| Xu Jian | | – | 162 | 138 | 9 | 309 | – | 309 |
| Hu Bin | | – | 174 | – | 9 | 183 | – | 183 |
| Zheng Yaojun | | – | 158 | 27 | 9 | 194 | – | 194 |
| | | 135 | 2,199 | 3,345 | 73 | 5,752 | 239 | 5,991 |

Year ended December 31, 2025

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Sub-total | Share-based payments *(Note iii)* | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Executive directors** | | | | | | | |
| Fu Jie | – | 450 | 300 | 10 | 760 | 266 | 1,026 |
| Wang Yong | – | 448 | 1,573 | 14 | 2,035 | – | 2,035 |
| Zhang Chunhui | – | 524 | 1,102 | 11 | 1,637 | – | 1,637 |
| Non-executive Directors | | | | | | | |
| Wei Bin | – | – | – | – | – | – | – |
| Xu Jinxiu | – | 216 | 24 | – | 240 | – | 240 |
| Yang Qiuju | – | 225 | 32 | 10 | 267 | – | 267 |
| **Independent non executive directors** | | | | | | | |
| Liu Ye | 60 | – | – | – | 60 | – | 60 |
| Yang Hongqin | 60 | – | – | – | 60 | – | 60 |
| Lin Mingyao | 60 | – | – | – | 60 | – | 60 |
| **Supervisors** | | | | | | | |
| Xu Jian | – | 162 | 24 | 9 | 195 | – | 195 |
| Hu Bin | – | 77 | – | 9 | 86 | – | 86 |
| Zheng Yaojun | – | 156 | – | 9 | 165 | – | 165 |
| | 180 | 2,258 | 3,055 | 72 | 5,565 | 266 | 5,831 |

*Notes:*

(i) Mr. Liu Ye, Ms. Yang Hongqin and Mr. Lin Mingyao was appointed as independent non-executive directors in March 2024.

(ii) In May 2026, Mr. Man Yeung Chi and Mr. Lam Ka Tak were appointed as the non-executive director and independent non-executive director of the Company, respectively.

(iii) These represent the estimated value of share-based payment granted to the directors under the Group's share-based payment scheme as set out in Note 27. The value of these share-based payment is measured according to the Group's accounting policies for share-based payments transactions as set out in Note 2(p)(ii). The details of these benefits in kind, including the principal terms and number of restricted shares granted, are disclosed in Note 27.

(iv) The Company abolished the supervisor committee in August 2025.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two, three and three are directors whose emoluments are disclosed in Note 8 during the years ended December 31, 2023 and 2024 and 2025, respectively. The aggregate of the emoluments in respect of the remaining individuals are as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, allowances and benefits in kind | 1,263 | 1,107 | 1,250 |
| Discretionary bonuses | 1,387 | 576 | 748 |
| Retirement scheme contributions | 27 | 18 | 19 |
| Equity-settled share-based transactions | 26 | – | – |
| | 2,703 | 1,701 | 2,017 |

The emoluments of the three, two, two individuals with the highest emoluments are within the following bands:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *Number of individuals* | *Number of individuals* | *Number of individuals* |
| Hong Kong Dollar ("**HKD**") | | | |
| Nil – HKD1,000,000 | 2 | 1 | – |
| HKD1,000,001 – HKD1,500,000 | 1 | 1 | 2 |

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director and non-supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

The basic earnings per share for the Track Record Period is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue for the Track Record Period as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit for the year attributable to equity shareholders of the Company | 21,010 | 40,838 | 41,572 |

***Weighted average number of ordinary shares***

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *'000* | *'000* | *'000* |
| Issued ordinary shares the beginning of the year | 60,701 | 61,501 | 63,408 |
| Effect of ordinary shares issued | 48 | 1,022 | 515 |
| Weighted average number of ordinary shares at the end of the year | 60,749 | 62,523 | 63,923 |

**(b) Diluted earnings per share**

There were no dilutive potential ordinary shares in existence during the Track Record Period, therefore the diluted earnings per share were the same as the basic earnings per share.

## 11 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

**The Group and the Company**

| | Buildings | Machinery and equipment | Motor vehicles, office equipment and others | Construction in process | Sub-total | Investment property | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | | | | | |
| At January 1, 2023 | 1,422 | 18,461 | 7,037 | 12,236 | 39,156 | 5,564 | 44,720 |
| Additions | 167 | 406 | 1,293 | 86,004 | 87,870 | – | 87,870 |
| Transfer from construction in progress | – | 3,404 | – | (3,404) | – | – | – |
| Disposals | – | – | (59) | – | (59) | – | (59) |
| At December 31, 2023 and January 1, 2024 | 1,589 | 22,271 | 8,271 | 94,836 | 126,967 | 5,564 | 132,531 |
| Additions | 226 | – | 1,744 | 78,412 | 80,382 | – | 80,382 |
| Transfer from construction in progress | 111,537 | 18,378 | 393 | (130,308) | – | – | – |
| Disposals | – | (2,947) | (121) | – | (3,068) | (5,564) | (8,632) |
| At December 31, 2024 and January 1, 2025 | 113,352 | 37,702 | 10,287 | 42,940 | 204,281 | – | 204,281 |
| Additions | 2,663 | 3,294 | 3,307 | 21,834 | 31,098 | – | 31,098 |
| Transfer from construction in progress | 42,758 | 9,565 | 352 | (52,675) | – | – | – |
| Disposals | – | (1,334) | (640) | – | (1,974) | – | (1,974) |
| At December 31, 2025 | 158,773 | 49,227 | 13,306 | 12,099 | 233,405 | – | 233,405 |

| | Buildings | Machinery and equipment | Motor vehicles, office equipment and others | Construction in process | Sub-total | Investment property | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Accumulated depreciation:** | | | | | | | |
| At January 1, 2023 | – | (5,555) | (3,033) | – | (8,588) | (1,555) | (10,143) |
| Charge for the year | (655) | (1,944) | (1,788) | – | (4,387) | (205) | (4,592) |
| Written back on disposals | – | – | 51 | – | 51 | – | 51 |
| At December 31, 2023 and January 1, 2024 | (655) | (7,499) | (4,770) | – | (12,924) | (1,760) | (14,684) |
| Charge for the year | (2,429) | (2,483) | (1,850) | – | (6,762) | (51) | (6,813) |
| Written back on disposals | – | 2,761 | 111 | – | 2,872 | 1,811 | 4,683 |
| At December 31, 2024 and January 1, 2025 | (3,084) | (7,221) | (6,509) | – | (16,814) | – | (16,814) |
| Charge for the year | (7,497) | (3,689) | (2,184) | – | (13,370) | – | (13,370) |
| Written back on disposals | – | 1,180 | 504 | – | 1,684 | – | 1,684 |
| At December 31, 2025 | (10,581) | (9,730) | (8,189) | – | (28,500) | – | (28,500) |
| **Net book value:** | | | | | | | |
| At December 31, 2025 | 148,192 | 39,497 | 5,117 | 12,099 | 204,905 | – | 204,905 |
| At December 31, 2024 | 110,268 | 30,481 | 3,778 | 42,940 | 187,467 | – | 187,467 |
| At December 31, 2023 | 934 | 14,772 | 3,501 | 94,836 | 114,043 | 3,804 | 117,847 |

Property, plant and equipment with net book value of RMB105,460,000, RMB161,579,000 and RMB150,417,000 were secured for bank loans and other borrowings as at December 31, 2023 and 2024 and 2025, respectively.

As at December 31, 2023, the fair value of the investment properties as determined by the Directors of the Company by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available, amounted to RMB10,476,000.

## 12 RIGHT-OF-USE ASSETS

**The Group and the Company**

| | Buildings | Leasehold land | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | |
| At January 1, 2023 | 12,211 | 43,519 | 55,730 |
| Additions | 1,162 | – | 1,162 |
| Disposals | (335) | – | (335) |
| At December 31, 2023 and January 1, 2024 | 13,038 | 43,519 | 56,557 |
| Additions | 536 | – | 536 |
| Disposals | (4,521) | – | (4,521) |
| At December 31, 2024 and January 1, 2025 | 9,053 | 43,519 | 52,572 |
| Additions | 333 | – | 333 |
| Disposals | (8,849) | – | (8,849) |
| At December 31, 2025 | 537 | 43,519 | 44,056 |
| **Accumulated depreciation:** | | | |
| At January 1, 2023 | (3,615) | (462) | (4,077) |
| Charge for the year | (4,231) | (870) | (5,101) |
| Written back on disposals | 335 | – | 335 |
| At December 31, 2023 and January 1, 2024 | (7,511) | (1,332) | (8,843) |
| Charge for the year | (3,731) | (870) | (4,601) |
| Written back on disposals | 4,124 | – | 4,124 |
| At December 31, 2024 and January 1, 2025 | (7,118) | (2,202) | (9,320) |
| Charge for the year | (1,765) | (870) | (2,635) |
| Written back on disposals | 8,620 | – | 8,620 |
| At December 31, 2025 | (263) | (3,072) | (3,335) |
| **Net book value:** | | | |
| At December 31, 2025 | 274 | 40,447 | 40,721 |
| At December 31, 2024 | 1,935 | 41,317 | 43,252 |
| At December 31, 2023 | 5,527 | 42,187 | 47,714 |

Leasehold land with net book value of RMB42,187,000, RMB41,317,000 and RMB40,447,000 were secured for bank loans and other borrowings as at December 31, 2023 and 2024 and 2025, respectively.

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

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Depreciation charge of right-of-use assets by class of underlying asset: | | | |
| Buildings (i) | 4,231 | 3,731 | 1,765 |
| Leasehold land | 870 | 870 | 870 |
| Total | 5,101 | 4,601 | 2,635 |
| Interest on lease liabilities | 278 | 113 | 14 |
| Expense relating to short-term leases | 1,870 | 2,174 | 1,460 |

*Note:*

(i) The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 4 years.

## 13 INTANGIBLE ASSETS

**The Group and the Company**

| | **Software** |
|---|---|
| | *RMB'000* |
| **Cost:** | |
| At January 1, 2023 | 3,942 |
| Additions | 296 |
| At December 31, 2023 and January 1, 2024 | 4,238 |
| Additions | 489 |
| At December 31, 2024 and January 1, 2025 | 4,727 |
| Additions | 1,506 |
| At December 31, 2025 | 6,233 |
| **Accumulated depreciation:** | |
| At January 1, 2023 | (959) |
| Charge for the year | (453) |
| At December 31, 2023 and January 1, 2024 | (1,412) |

| | Software |
|---|---|
| | *RMB'000* |
| Charge for the year | (459) |
| At December 31, 2024 and January 1, 2025 | (1,871) |
| Charge for the year | (559) |
| At December 31, 2025 | (2,430) |
| **Net book value:** | |
| At December 31, 2025 | 3,803 |
| At December 31, 2024 | 2,856 |
| At December 31, 2023 | 2,826 |

## 14 INVESTMENTS IN SUBSIDIARIES

As at the end of each reporting period, the Company has direct or indirect interests in the following principal subsidiaries:

| Name of company | Place and date of incorporation/ establishment and operation | Particulars of Registered capital | Particulars of paid-up capital | Effective interest held by the Group As at December 31, 2023 | 2024 | 2025 | Principal business activities |
|---|---|---|---|---|---|---|---|
| Yidu Jasung Intelligent Industry Co., Ltd. 宜都嘉軒智能工業有限公司*(Notes (i) (ii))* | PRC September 05, 2024 | RMB5,000,000 | – | 100% | 100% | 100% | Sales of products |
| Tianjin Jasung Hengsheng Intelligent Industrial Technology Co., Ltd. 天津嘉軒恒晟智能工業科技有限公司*(Notes (i) (ii))* | PRC April 26, 2020 | RMB4,900,000 | RMB3,430,000 | 100% | 100% | 100% | R&D, manufacturing and sales of products |

*Notes:*

(i) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

(ii) No audited statutory financial statements have been prepared for these entities for the Track Record Period.

All companies now comprising the Group have adopted December 31 as their financial year end date.

## 15 INTERESTS IN ASSOCIATES

**The Group and the Company**

| | As at December 31, 2023 | 2024 | 2025 |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Investments in unlisted equity securities | 10,054 | 10,689 | 20,000 |

The following list contains all of associates, all of which are unlisted corporate entities whose quoted market price is not available:

| Name | Form of business structure | Place of incorporation and business | Particulars of Registered capital | Particulars of paid-up capital | Effective interest<br>Group's effective interest<br>As at December 31,<br>2023 | 2024 | 2025 | Principal activity |
|---|---|---|---|---|---|---|---|---|
| Inner Mongolia North Jasung Technology Co., Ltd. *(Notes (i)(iv))*<br>內蒙古北方嘉軒科技有限公司 | Incorporated | PRC | RMB25,000,000 | RMB25,000,000 | 40% | 40% | 40% | Manufacturing and sales of products |
| Jiangxi Jiangtong Jiaci Power Technology Co., Ltd. *(Notes (ii)(iv))*<br>江西江銅嘉磁動力科技有限公司 | Incorporated | PRC | RMB15,000,000 | RMB15,000,000 | – | – | 40% | Manufacturing and sales of products |
| Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd. *(Notes (iii)(iv))*<br>山東泉興嘉軒智能工業科技有限公司 | Incorporated | PRC | RMB20,000,000 | RMB10,000,000 | – | – | 40% | Manufacturing and sales of products |

*Notes:*

(i) In December 2022, the Group invested 40% of the equity interest in Inner Mongolia North Jasung Technology Co., Ltd. through capital injection of RMB10,000,000.

(ii) In April 2025, the Group invested 40% of the equity interest in Jiangxi Jiangtong Jiaci Power Technology Co., Ltd. through capital injection of RMB6,000,000.

(iii) In April 2025, the Group invested 40% of the equity interest in Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd. through capital injection of RMB4,000,000.

(iv) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

## 16 EQUITY SECURITY DESIGNATED AT FVOCI

**The Group and the Company**

| | As at December 31,<br>2023 | 2024 | 2025 |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Investment in an unlisted equity security | – | – | 4,527 |

In 2025, the Group made an investment in a private company incorporated in PRC. The Group designated its investment in the unlisted company at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the Track Record Period.

The analysis on the fair value measurement of the above financial assets is disclosed in Note 31(e).

## 17 INVENTORIES

**(a) Inventories in the consolidated statements of financial position comprise:**

***The Group and the Company***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| – Goods in transit | 227,500 | 277,589 | 263,413 |
| – Finished goods | 135,773 | 109,021 | 148,605 |
| – Raw materials | 44,260 | 41,868 | 50,881 |
| – Work in progress | 37,069 | 46,936 | 78,746 |
| | 444,602 | 475,414 | 541,645 |
| Write-down of inventories | (15,191) | (25,960) | (30,774) |
| | 429,411 | 449,454 | 510,871 |

**(b) The analysis of the amount of inventories and recognised as an expense and included in profit or loss is as follows:**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Carrying amount of inventories sold | 570,672 | 643,551 | 690,756 |
| Write-down of inventories | 7,364 | 10,769 | 4,814 |
| | 578,036 | 654,320 | 695,570 |

## 18 TRADE AND BILLS RECEIVABLES

**The Group and the Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 321,697 | 380,531 | 505,568 |
| – Related parties *(Note 33(d))* | – | 22,183 | 12,264 |
| – Third parties | 321,697 | 358,348 | 493,304 |
| Bills receivables measured at amortized cost | 119,134 | 108,680 | 109,561 |
| Bills receivables measured at FVOCI | 197,178 | 117,971 | 156,244 |
| Trade and bills receivables | 638,009 | 607,182 | 771,373 |

All of trade and bills receivables are expected to be recovered within one year.

As at December 31, 2023, 2024 and 2025, the Group endorsed undue bills receivables of nil, nil and RMB177,000 respectively to its suppliers to settle trade payables of the same amount and derecognised these bills receivables and payables to suppliers in their entirely from balance sheet as the Group's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred. As at December 31, 2023, 2024 and 2025, the maximum exposure to loss from its continuous involvement represents the amount of bills receivables of nil, nil and RMB177,000, which the Group endorsed to its suppliers. These undue bills receivables were due within 6 months from date of issuance.

As at December 31, 2023, 2024 and 2025, undue bills receivables of RMB4,650,000, RMB3,000,000 and RMB988,000 respectively endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within 1 year.

As at December 31, 2023, 2024 and 2025, the Group discounted undue bills receivables of RMB3,145,000, RMB31,553,000 and RMB5,000,000 respectively to banks to discount at a discount rate negotiated with the banks and derecognised these bills receivables in their entirely from balance sheet as the Group's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivables is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills.

Due to the requirement of cash management, the Group endorsed or discounted part of the bank acceptance notes receivable to the suppliers or from bank. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, as at December 31, 2023, 2024 and 2025, the Group classified bank acceptance notes receivable of RMB197,178,000, RMB117,971,000 and RMB156,244,000 as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

As at December 31, 2023, 2024, and 2025, bills receivables amounting to RMB238,717,000, RMB153,684,000 and RMB151,507,000, respectively, were pledged to banks to secure the issuance of bills payables.

In 2025, the Group entered into certain factoring arrangements with banks on a with-recourse basis, under which the Group obtained prepayment in respect of the invoice amounts owed from certain customers. Under these arrangements, the banks pay the Group agreed portion of the amounts owed from the customers on the original due dates, and then the Group settles the prepayment within the debt grace period. As at 31 December 2025, the amount of trade receivables under factoring arrangements was RMB800,000.

**Aging analysis**

An ageing analysis of the Group's trade and bills receivables, based on the date that the Group has an unconditional right to receive consideration from the customers and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

**The Group and the Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 588,838 | 536,994 | 694,502 |
| Over 1 year but less than 2 years | 41,491 | 60,608 | 62,020 |
| Over 2 years but less than 3 years | 6,423 | 7,766 | 12,881 |
| Over 3 years but less than 4 years | 1,257 | 1,814 | 1,970 |
| | 638,009 | 607,182 | 771,373 |

Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in Note 31(a).

## 19 PREPAYMENTS AND OTHER RECEIVABLES

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | |
| Prepayments for materials and expenses | 8,713 | 8,413 | 13,849 |
| Other receivables | 6,013 | 10,241 | 9,216 |
| Value-added tax recoverable | 35,970 | 38,526 | 42,482 |
| | 50,696 | 57,180 | 65,547 |
| **Non-current** | | | |
| Prepayments for property, plant and equipment | 2,996 | 1,971 | 1,413 |
| | 53,692 | 59,151 | 66,960 |

**The Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | |
| Prepayments for materials and expenses | 8,713 | 8,561 | 13,706 |
| Other receivables | 6,013 | 10,113 | 9,124 |
| Value-added tax recoverable | 35,970 | 38,526 | 42,482 |
| | 50,696 | 57,200 | 65,312 |
| **Non-current** | | | |
| Prepayments for property, plant and equipment | 2,996 | 1,971 | 1,413 |
| | 53,692 | 59,171 | 66,725 |

## 20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

***The Group***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank and on hand | 123,834 | 227,326 | 190,808 |
| Less: restricted bank deposits *(Note)* | (67,750) | (122,468) | (112,326) |
| Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows | 56,084 | 104,858 | 78,482 |

***The Company***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank and on hand | 123,834 | 227,249 | 187,957 |
| Less: restricted bank deposits *(Note)* | (67,750) | (122,468) | (112,326) |
| | 56,084 | 104,781 | 75,631 |

*Note:* Restricted bank deposits of RMB67,750,000, RMB122,468,000 and RMB112,326,000 as at December 31, 2023, 2024 and 2025 referred to the security deposits made at banks for the issuance of bills payables.

**(b) Reconciliation of profit before taxation to cash used in operations:**

| | | Year ended December 31, | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before taxation | | 21,997 | 45,117 | 44,770 |
| Adjustments for: | | | | |
| Depreciation of investment property and property, plant and equipment | 6(c) | 4,592 | 6,813 | 13,370 |
| Depreciation of right-of-use assets | 6(c) | 5,101 | 4,601 | 2,635 |
| Amortisation of deferred income | | (470) | (2,647) | (5,966) |
| Impairment loss on trade receivables, other receivables and contract assets | 6(c) | 3,749 | 8,464 | 10,081 |
| Write-down of inventories | 17(b) | 7,364 | 10,769 | 4,814 |
| Finance costs | 6(a) | 10,517 | 11,753 | 15,898 |
| Net losses/(profits) on disposal of investment property and property, plant and equipment | 5 | 8 | (6,568) | 158 |
| Share of (profits)/losses of associates | | (55) | (635) | 688 |
| Equity settled share-based payment expenses | 27 | 280 | 663 | 602 |
| Changes in working capital: | | | | |
| Increase in inventories | | (134,884) | (30,812) | (66,231) |
| (Increase)/decrease in trade and bills receivables | | (56,610) | 30,827 | (164,191) |
| Increase in contract assets | | (7,816) | (11,567) | (14,795) |
| Increase in other non-current assets | | (3,714) | (9,339) | (7,345) |
| (Increase)/decrease in prepayments and other receivables | | (23,625) | (11,780) | 2,876 |
| Decrease/(increase) in restricted bank deposit | | 52,680 | (54,718) | 10,142 |
| Increase/(decrease) in trade and bills payables | | 33,843 | (23,081) | 63,979 |
| Increase/(decrease) in contract liabilities | | 55,749 | (11,341) | (38,266) |
| Increase in provisions | | 3,992 | 1,337 | 817 |
| Decrease/(increase) in other payables and accruals | | (42,931) | 10,168 | 5,934 |
| Increase in deferred income | | 5,700 | 19,590 | – |
| Cash used in operations | | (64,533) | (12,386) | (120,030) |

**(c) Reconciliation of liabilities arising from financing activities**

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

| | **Bank loans and other borrowings** | **Lease liabilities** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(Note 24)* | *(Note 25)* | |
| **At January 1, 2023** | 239,861 | 8,841 | 248,702 |
| **Changes from financing cash flows:** | | | |
| Proceeds from bank loans and other borrowings | 289,544 | – | 289,544 |
| Repayment of bank loans and other borrowings | (204,061) | – | (204,061) |
| Capital element of lease rentals paid | – | (4,474) | (4,474) |
| Interest element of lease rentals paid | – | (278) | (278) |
| Interest paid | (10,148) | – | (10,148) |
| **Total changes from financing cash flows** | 75,335 | (4,752) | 70,583 |
| **Other changes:** | | | |
| Increase in lease liabilities from entering into new leases during the period | – | 1,161 | 1,161 |
| Interest expenses *(Note 6(a))* | 10,239 | 278 | 10,517 |
| **Total other changes** | 10,239 | 1,439 | 11,678 |
| **At December 31, 2023 and January 1, 2024** | 325,435 | 5,528 | 330,963 |

| | **Bank loans and other borrowings** | **Lease liabilities** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(Note 24)* | *(Note 25)* | |
| **At January 1, 2024** | 325,435 | 5,528 | 330,963 |
| **Changes from financing cash flows:** | | | |
| Proceeds from bank loans and other borrowings | 392,021 | – | 392,021 |
| Repayment of bank loans and other borrowings | (269,917) | – | (269,917) |
| Capital element of lease rentals paid | – | (3,840) | (3,840) |
| Interest element of lease rentals paid | – | (113) | (113) |
| Interest paid | (11,566) | – | (11,566) |
| **Total changes from financing cash flows** | 110,538 | (3,953) | 106,585 |

| | Bank loans and other borrowings | Lease liabilities | Total |
|---|---|---|---|
| | *RMB'000* *(Note 24)* | *RMB'000* *(Note 25)* | *RMB'000* |
| **Exchange adjustments** | | | |
| **Other changes:** | | | |
| Increase in lease liabilities from entering into new leases during the period | – | 140 | 140 |
| Interest expenses *(Note 6(a))* | 11,640 | 113 | 11,753 |
| **Total other changes** | 11,640 | 253 | 11,893 |
| **At December 31, 2024 and January 1, 2025** | 447,613 | 1,828 | 449,441 |
| **Changes from financing cash flows:** | | | |
| Proceeds from bank loans and other borrowings | 290,722 | – | 290,722 |
| Repayment of bank loans and other borrowings | (110,530) | – | (110,530) |
| Capital element of lease rentals paid | – | (1,731) | (1,731) |
| Interest element of lease rentals paid | – | (14) | (14) |
| Interest paid | (16,009) | – | (16,009) |
| **Total changes from financing cash flows** | 164,183 | (1,745) | 162,438 |
| **Other changes:** | | | |
| Increase in lease liabilities from entering into new leases during the period | – | 105 | 105 |
| Interest expenses *(Note 6(a))* | 15,884 | 14 | 15,898 |
| **Total other changes** | 15,884 | 119 | 16,003 |
| **At December 31, 2025** | 627,680 | 202 | 627,882 |

**(d) Total cash outflow for leases**

Amounts included in the cash flow statement for leases comprise the following:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within operating cash flows | 1,870 | 2,174 | 1,460 |
| Within financing cash flows | 4,752 | 3,953 | 1,745 |
| | 6,622 | 6,127 | 3,205 |

## 21 TRADE AND BILLS PAYABLES

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 265,709 | 265,730 | 298,437 |
| Bills payables | 294,780 | 271,678 | 302,950 |
| | 560,489 | 537,408 | 601,387 |

**The Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 265,709 | 265,730 | 298,586 |
| Bills payables | 294,780 | 271,678 | 302,950 |
| | 560,489 | 537,408 | 601,536 |

All trade and bills payables are expected to be settled within one year or are repayable on demand. As of December 31, 2023, 2024 and 2025, the restricted bank deposits secured for the issuance of bills payable were RMB67,750,000, RMB122,468,000 and RMB112,326,000 respectively.

As of the end of the reporting period, the aging analysis of trade and bills payables are as follows:

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 551,551 | 525,319 | 590,902 |
| After 1 year but within 2 years | 6,764 | 6,197 | 5,058 |
| After 2 years but within 3 years | 900 | 3,964 | 2,902 |
| After 3 years but within 4 years | 922 | 785 | 1,110 |
| Over 4 years | 352 | 1,143 | 1,415 |
| | 560,489 | 537,408 | 601,387 |

**The Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 551,551 | 525,319 | 591,051 |
| After 1 year but within 2 years | 6,764 | 6,197 | 5,058 |
| After 2 years but within 3 years | 900 | 3,964 | 2,902 |
| After 3 years but within 4 years | 922 | 785 | 1,110 |
| Over 4 years | 352 | 1,143 | 1,415 |
| | 560,489 | 537,408 | 601,536 |

## 22 CONTRACT ASSETS AND CONTRACTS LIABILITIES

### (a) Contract assets

***The Group and the Company***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current assets** | | | |
| Quality guarantee deposit | 7,816 | 19,383 | 34,179 |
| Less: provision allowance | (391) | (969) | (1,709) |
| | 7,425 | 18,414 | 32,470 |
| **Non-Current assets** | | | |
| Quality guarantee deposit | 3,713 | 13,052 | 20,397 |
| Less: provision allowance | (185) | (652) | (1,020) |
| | 3,528 | 12,400 | 19,377 |

The Group typically agrees to retain 2% to 10% of the contract value as quality guarantee deposit. The quality guarantee period normally ranges from one to five years upon the completion of work. These amounts are included in contract assets until the end of the quality guarantee period as the Group's entitlement to these final payments are conditional on the Group's projects keep properly functioning during the quality guarantee period.

### (b) Contract liabilities

***The Group***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Advance received from customers | 162,519 | 151,179 | 112,913 |

***Movements in contract liabilities***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **At the beginning of the year** | 106,770 | 162,519 | 151,179 |
| Net increase in contract liabilities during the year | 123,730 | 109,124 | 61,363 |
| Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year | (67,981) | (120,464) | (99,629) |
| **Balance at the end of the year** | 162,519 | 151,179 | 112,913 |

***The Company***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Advance received from customers | 162,519 | 151,179 | 112,319 |

***Movements in contract liabilities***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **At the beginning of the year** | 106,770 | 162,519 | 151,179 |
| Net increase in contract liabilities during the year | 123,730 | 109,124 | 60,769 |
| Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year | (67,981) | (120,464) | (99,629) |
| **Balance at the end of the year** | 162,519 | 151,179 | 112,319 |

## 23 OTHER PAYABLES AND ACCRUALS

**The Group**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Accrual payroll | 15,384 | 16,955 | 15,980 |
| Income and other taxes and surcharges payables | 14,046 | 13,141 | 4,942 |
| Other payables and accrued charges | 58,272 | 40,830 | 34,125 |
| | 87,702 | 70,926 | 55,047 |

**The Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Accrual payroll | 15,384 | 16,955 | 15,897 |
| Income and other taxes and surcharges payables | 14,046 | 13,122 | 4,937 |
| Other payables and accrued charges | 58,212 | 40,696 | 33,957 |
| | 87,642 | 70,773 | 54,791 |

All other payables and accruals are expected to be settled within one year or are repayable on demand.

## 24 BANK LOANS AND OTHER BORROWINGS

**(a) The analysis of the carrying amount of bank loans and other borrowings is as follows:**

***The Group and the Company***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current liabilities** | | | |
| – Short-term bank loans | 202,668 | 318,796 | 329,659 |
| – Other borrowings | 4,901 | 5,206 | 800 |
| – Current portion of long-term bank loans | 51,836 | 69,510 | 60,557 |
| | 259,405 | 393,512 | 391,016 |
| **Non-current liabilities** | | | |
| – Non-current portion of long-term bank loans | 60,824 | 54,101 | 236,664 |
| – Other borrowings | 5,206 | – | – |
| | 66,030 | 54,101 | 236,664 |

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans and other borrowings | | | |
| – Secured and guaranteed *(i) (ii)* | 70,220 | 120,334 | 112,531 |
| – Unsecured and guaranteed *(ii)* | 202,464 | 155,523 | 479 |
| – Unsecured and unguaranteed | 42,644 | 166,550 | 513,870 |
| – Secured and unguaranteed *(i) (iii)* | 10,107 | 5,206 | 800 |
| | 325,435 | 447,613 | 627,680 |

Bank loans bear interest ranging from 3.10% to 4.50% per annum, 2.70% to 4.50% per annum and 2.24% to 4.15% per annum as at December 31, 2023, 2024 and 2025, respectively.

Other borrowings represented the borrowings arising from the equipment sales and leaseback arrangements with finance leasing companies, bearing an interest rate of 6.60% as at December 31, 2023 and 2024 and the borrowings arising from factoring arrangements (Note 18), bearing an interest rate of 9.31% to 12.78% as at December 31, 2025.

*Notes:*

(i) As at December 31, 2023 and 2024 and 2025, the Group's property, plant and equipment with aggregate carrying amounts of RMB94,264,000, RMB152,168,000 and RMB150,417,000 respectively, were secured for bank loans granted to the Group (Note 11).

As at December 31, 2023 and 2024 and 2025, the Group's right-of-use assets with aggregate carrying amounts of RMB42,187,000, RMB41,317,000 and RMB40,447,000 respectively, were secured for bank loans granted to the Group (Note 12).

(ii) As at December 31, 2023 and 2024 and 2025, the Group's bank loans with aggregate carrying amounts of RMB272,684,000 RMB275,857,000 and RMB113,010,000 respectively, were guaranteed by certain related parties (Note 33(e)).

(iii) As at December 31, 2023 and 2024 and 2025, the Group's property, plant and equipment with carrying amount of RMB11,196,000, RMB9,411,000 and nil, respectively, were secured for other borrowings from sales and leaseback arrangements (Note 11).

As at December 31, 2023 and 2024 and 2025, the Group's trade receivables with carrying amounts of nil, nil and RMB800,000, respectively, were secured for other borrowings from factoring arrangements (Note 18).

**(b) The analysis of the repayment schedule of bank loans and other borrowings is as follows:**

***The Group and the Company***

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year or on demand | 259,405 | 393,512 | 391,016 |
| After 1 year but within 2 years | 52,292 | 14,331 | 165,927 |
| After 2 years but within 5 years | 13,738 | 39,770 | 70,737 |
| | 325,435 | 447,613 | 627,680 |

## 25 LEASE LIABILITIES

At December 31, 2023, 2024 and 2025, the lease liabilities were repayable as follows:

**The Group and the Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 3,938 | 1,498 | 124 |
| After 1 year but within 2 years | 1,590 | 330 | 78 |
| | 5,528 | 1,828 | 202 |

## 26 DEFERRED INCOME

**The Group and the Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants | 16,230 | 33,173 | 27,207 |

As at December 31, 2023, 2024 and 2025, deferred income represented unamortized conditional government grants amounting to RMB16,230,000, RMB33,173,000 and RMB27,207,000 for plant relocation and construction and technology research and development.

Deferred income relating to technology research and development is recognized as income upon the satisfaction of acceptance standards. Deferred income relating to plant relocation and construction is amortized over the useful life of the related property, plant and equipment upon the completion of the construction.

## 27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

**Employee Stock Ownership Plan**

On August 31, 2023, the Company launched the Employee Stock Ownership Plan (hereinafter referred to as "**ESOP**") by establishing two employee shareholding platforms, Changzhou Tongbo Enterprise Management Consulting Partnership (Limited Partnership) 常州彤帛企業管理諮詢合夥企業(有限合夥) ("**Changzhou Tongbo**") and Changzhou Jinbo Enterprise Management Consulting Partnership (Limited Partnership) 常州錦帛企業管理諮詢合夥企業(有限合夥) ("**Changzhou Jinbo**"), and the director, senior management and key technical employees of the Company were granted the right to indirectly hold the share of the Company at a price of RMB20 per share through the two shareholding platforms. The total number of shares granted is 800,000. The vesting period for those shares granted is from the grant date to a qualified **[REDACTED]** ("**Qualified [REDACTED]**") and share sale has been consummated.

Movements in the number of restricted shares to the Group's incentive employees are as follows:

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *'000* | *'000* | *'000* |
| Outstanding as at the beginning of the year | – | 800 | 800 |
| Granted | 800 | 25 | 85 |
| Forfeited | – | (25) | (85) |
| Outstanding as at the end of the year | 800 | 800 | 800 |

The grant-date fair value of the restricted shares granted is measured at the difference between the fair value of the underlying ordinary shares and the subscription price at the respective grant dates. The fair value of the underlying ordinary shares was determined based on the Company's recent financing price from investors.

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| **Fair value of restricted shares** | | | |
| Fair value at grant date | RMB5.04 | RMB12.52 | RMB12.52 |
| Subscription price | RMB20 | RMB20 | RMB20 |
| Expected dividend yield | 0% | 0% | 0% |

During each of the reporting period, the expenses recognized for the equity-settled share-based payments were as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of sales | 10 | 16 | 19 |
| Selling and marketing expenses | 73 | 188 | 217 |
| Administrative expenses | 186 | 432 | 336 |
| Research and development expenses | 11 | 27 | 30 |
| | 280 | 663 | 602 |

## 28 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### (a) Current taxation in the consolidated statements of financial position represents:

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at the beginning of the year | 22,728 | 12,254 | 10,177 |
| Provision for income tax for the year | 4,625 | 9,490 | 4,867 |
| Income tax paid during the year | (15,099) | (11,567) | (11,358) |
| Balance at the end of the year | 12,254 | 10,177 | 3,686 |

### (b) Deferred tax assets and liabilities recognised:

#### *(i) Movement of each component of deferred tax assets/(liabilities)*

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements are as follows:

*The Group and the Company*

| Deferred tax arising from: | Credit loss allowance | Write-down of inventories | Lease liabilities | Provisions | Deferred income | Equity-settled share-base transactions | Right-of-use assets | Others | Total |
|---|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2023 | 3,629 | 1,174 | 1,326 | 439 | 1,650 | – | (1,289) | (306) | 6,623 |
| Credited/(Charged) to profit or loss | 562 | 1,105 | (497) | 599 | 785 | 42 | 460 | 582 | 3,638 |
| At December 31, 2023 and January 1, 2024 | 4,191 | 2,279 | 829 | 1,038 | 2,435 | 42 | (829) | 276 | 10,261 |
| Credited/(Charged) to profit or loss | 1,270 | 1,615 | (555) | 201 | 2,541 | 100 | 539 | (500) | 5,211 |
| At December 31, 2024 and January 1, 2025 | 5,461 | 3,894 | 274 | 1,239 | 4,976 | 142 | (290) | (224) | 15,472 |
| Credited/(Charged) to profit or loss | 1,512 | 722 | (244) | 123 | (895) | 90 | 249 | 112 | 1,669 |
| At December 31, 2025 | 6,973 | 4,616 | 30 | 1,362 | 4,081 | 232 | (41) | (112) | 17,141 |

*(ii) Reconciliation to the consolidated statements of financial position*

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net deferred tax asset in the consolidated statements of financial position | 10,261 | 15,472 | 17,141 |

**(c) Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(q), as at December 31, 2023, 2024 and 2025, the subsidiaries of the Company have not recognised deferred tax assets in respect of cumulative tax losses of nil, nil and RMB1,060,000 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to five years for general enterprise and ten years for high-technology enterprise, from the year in which they arose.

## 29 PROVISION

**The Group and the Company**

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Warranty provision | | | |
| As at January 1 | 2,927 | 6,919 | 8,256 |
| Provision in the year | 6,919 | 8,251 | 8,299 |
| Utilization of provision | (2,927) | (6,914) | (7,482) |
| As at December 31 | 6,919 | 8,256 | 9,073 |

## 30 CAPITAL, RESERVES AND DIVIDENDS

**(a) Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

***The Company***

| | | Share capital | Capital reserve | Accumulated losses | Total |
|---|---|---|---|---|---|
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at January 1, 2023** | | 60,701 | 375,362 | (193,574) | 242,489 |
| **Changes in equity for 2023:** | | | | | |
| Total comprehensive income | | – | – | 21,070 | 21,070 |
| Issuance of ordinary shares | 30(b) | 800 | 15,200 | – | 16,000 |
| Equity-settled share-based transactions | 27 | – | 280 | – | 280 |
| **Balance at December 31, 2023** | | 61,501 | 390,842 | (172,504) | 279,839 |

| | Notes | Share capital | Capital reserve | Other reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at January 1, 2024** | | 61,501 | 390,842 | – | (172,504) | 279,839 |
| **Changes in equity for 2024:** | | | | | | |
| Total comprehensive income | | – | – | – | 40,874 | 40,874 |
| Issuance of ordinary shares | 30(b) | 1,907 | 60,093 | – | – | 62,000 |
| Equity-settled share-based transactions | 27 | – | 663 | – | – | 663 |
| **Balance at December 31, 2024 and 1 January 2025** | | 63,408 | 451,598 | – | (131,630) | 383,376 |
| **Changes in equity for 2025:** | | | | | | |
| Profit for the year | | – | – | – | 42,674 | 42,674 |
| Other comprehensive income | | – | – | (273) | – | (273) |
| Total comprehensive income | | – | – | (273) | 42,674 | 42,401 |
| Issuance of ordinary shares | 30(b) | 746 | 23,520 | – | – | 24,266 |
| Equity-settled share-based transactions | 27 | – | 602 | – | – | 602 |
| **Balance at December 31, 2025** | | 64,154 | 475,720 | (273) | (88,956) | 450,645 |

**(b) Share capital**

| | 2023 | | 2024 | | 2025 | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **share capital** | **No. of shares** | **share capital** | **No. of shares** | **share capital** |
| | *'000* | *RMB'000* | *'000* | *RMB'000* | *'000* | *RMB'000* |
| **Ordinary shares, issued and fully paid:** | | | | | | |
| At January 1 | 60,701 | 60,701 | 61,501 | 61,501 | 63,408 | 63,408 |
| Issue of ordinary shares | 800 | 800 | 1,907 | 1,907 | 746 | 746 |
| At December 31 | 61,501 | 61,501 | 63,408 | 63,408 | 64,154 | 64,154 |

In August 2023, the Company entered into an investment agreement with two employee shareholding platforms, Changzhou Tongbo and Changzhou Jinbo, pursuant to which, the investors agreed to subscribe for 800,000 shares, representing 1.3008% of the Company's equity interest for RMB16,000,000. The excess of the consideration of RMB16,000,000, over the increase in the share capital of RMB800,000 was credited to the Company's capital reserve, amounting to RMB15,200,000.

In April 2024, the Company entered into an investment agreement with several investors, pursuant to which, the investors agreed to subscribe for 1,907,000 shares, representing 3.0068% of the Company's equity interest for RMB62,000,000. The excess of the consideration of RMB62,000,000, over the increase in the share capital of RMB1,907,000 was credited to the Company's capital reserve, amounting to RMB60,093,000.

In January and September 2025, the Company entered into an investment agreement with several investors, pursuant to which, the investors agreed to subscribe for 746,000 shares, representing 1.1628% of the Company's equity interest for RMB24,266,000. The excess of the consideration of RMB24,266,000, over the increase in the share capital of RMB746,000 was credited to the Company's capital reserve, amounting to RMB23,520,000.

In connection with the pre-**[REDACTED]** investments, certain investors had been granted certain special rights against Ms. Fu Jie, Mr. Zhang Chunhui and Mr. Wang Yong (the "**Shareholders in Concert**"), including among others, share repurchase rights. Pursuant to a supplementary agreement dated June 16, 2026, the special rights shall be terminated effect from the day immediately preceding the date on which the Company submitted the **[REDACTED]** application to the Stock Exchange and shall be reinstated under certain circumstances.

The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned special rights granted against the Shareholders in Concert, including the share repurchase rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted against the Shareholders in Concert in the event of a default by them. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted against the Shareholders in Concert.

**(c) Dividends**

During the year ended December 31, 2023, 2024 and 2025, the Company did not declare any dividends to its shareholders.

**(d) Nature and purpose of reserves**

***(i) Capital reserve***

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; and (ii) the differences between the fair value of shares granted and the consideration paid by the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for equity settled share-based payments in Note 2(p)(ii).

***(ii) Other reserve***

Other reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 16).

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

***Trade receivables and contract assets***

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2023, 2024 and 2025, 18%, 7% and 10% of the total trade and bills receivables and contract assets was due from the Group's largest customer respectively.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

| | As at December 31, 2023 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | *RMB'000* | *RMB'000* |
| Within 1 year | 5% | 298,399 | 14,920 |
| Over 1 years but less than 2 years | 10% | 46,101 | 4,610 |
| Over 2 years but less than 3 years | 20% | 8,029 | 1,606 |
| Over 3 years but less than 4 years | 50% | 2,514 | 1,257 |
| Over 4 years | 100% | 1,235 | 1,235 |
| | | 356,278 | 23,628 |

| | As at December 31, 2024 | | |
|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Loss allowance |
| | % | *RMB'000* | *RMB'000* |
| Within 1 years | 5% | 357,546 | 17,878 |
| Over 1 years but less than 2 years | 10% | 68,910 | 6,812 |
| Over 2 years but less than 3 years | 20% | 9,707 | 1,941 |
| Over 3 years but less than 4 years | 50% | 3,627 | 1,814 |
| Over 4 years | 100% | 2,219 | 2,219 |
| | | 442,009 | 30,664 |

| | As at December 31, 2025 | | |
|---|---|---|---|
| | **Expected loss rate** | **Gross carrying amount** | **Loss allowance** |
| | *%* | *RMB'000* | *RMB'000* |
| Within 1 years | 5% | 493,586 | 24,679 |
| Over 1 years but less than 2 years | 10% | 81,160 | 7,503 |
| Over 2 years but less than 3 years | 20% | 16,101 | 3,220 |
| Over 3 years but less than 4 years | 50% | 3,940 | 1,970 |
| Over 4 years | 100% | 2,751 | 2,751 |
| | | 597,538 | 40,123 |

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

| | *RMB'000* |
|---|---|
| **Balance at January 1, 2023** | 21,154 |
| Impairment losses recognised | 2,474 |
| **Balance at December 31, 2023 and January 1, 2024** | 23,628 |
| Impairment losses recognised | 7,036 |
| **Balance at December 31, 2024 and January 1, 2025** | 30,664 |
| Impairment loss recognised | 9,459 |
| **Balance at December 31, 2025** | 40,123 |

***Other receivables***

Credit risk in respect of other receivables is limited since the balance mainly includes employee reserve fund and security deposit.

The Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition.

**(b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

| | As at December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Undiscounted cash outflow | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | Total | Carrying amount |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans and other borrowings | 266,224 | 53,809 | 14,733 | 334,766 | 325,435 |
| Lease liabilities | 3,956 | 1,698 | – | 5,654 | 5,528 |
| Trade and bills payables | 560,489 | – | – | 560,489 | 560,489 |
| Other payables and accruals | 87,702 | – | – | 87,702 | 87,702 |
| | 918,371 | 55,507 | 14,733 | 988,611 | 979,154 |

| | As at December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Undiscounted cash outflow | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | Total | Carrying amount |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans and other borrowings | 401,107 | 16,066 | 41,818 | 458,991 | 447,613 |
| Lease liabilities | 1,670 | 385 | – | 2,055 | 1,828 |
| Trade and bills payables | 537,408 | – | – | 537,408 | 537,408 |
| Other payables and accruals | 70,926 | – | – | 70,926 | 70,926 |
| | 1,011,111 | 16,451 | 41,818 | 1,069,380 | 1,057,775 |

| | As at December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Undiscounted cash outflow | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | Total | Carrying amount |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans and other borrowings | 403,045 | 170,538 | 71,825 | 645,408 | 627,680 |
| Lease liabilities | 157 | 121 | – | 278 | 202 |
| Trade and bills payables | 601,387 | – | – | 601,387 | 601,387 |
| Other payables and accruals | 55,047 | – | – | 55,047 | 55,047 |
| | 1,059,636 | 170,659 | 71,825 | 1,302,120 | 1,284,316 |

**(c) Interest rate risk**

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

***(i) Interest rate risk profile***

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings, lease liabilities, cash and cash equivalents and restricted bank deposits as at the end of the reporting period:

| | As at December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *Interest rate%* | *RMB'000* | *Interest rate%* | *RMB'000* | *Interest rate%* | *RMB'000* |
| **Fixed rate:** | | | | | | |
| Lease liabilities | 5.00% | 5,528 | 5.00% | 1,828 | 5.00% | 202 |
| Bank loans and other borrowings | 3.10%-6.60% | 245,189 | 2.65%-6.60% | 353,279 | 2.24%-12.78% | 456,149 |
| | | 250,717 | | 355,107 | | 456,351 |
| **Variable rate:** | | | | | | |
| Cash and cash equivalents | 0.10%-1.70% | 56,084 | 0.08%-0.10% | 104,858 | 0.03%-0.10% | 78,482 |
| Restricted bank deposits | 0.16%-2.10% | 67,750 | 0.08%-2.10% | 122,468 | 0.05%-1.28% | 112,326 |
| Bank loans and other borrowings | 3.20%-4.15% | 80,246 | 2.85%-4.05% | 94,334 | 2.50%-3.45% | 171,531 |
| | | 204,080 | | 321,660 | | 362,339 |
| Net exposure | | 204,080 | | 321,660 | | 362,339 |

***(ii) Sensitivity analysis***

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have increased/decreased the Group's profit after tax and decreased/increased the Group's accumulated loss by approximately RMB1,053,000, RMB1,932,000 and RMB1,622,000 in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualized impact on interest expense or income of such a change in interest rates.

**(d) Currency risk**

As at December 31, 2023, 2024 and 2025, the Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

**(e) Fair value measurement**

***(i) Financial assets and liabilities measured at fair value***

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

| | As at December 31, 2023 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Fair value measured on a recurring basis** | | | | |
| Financial assets measured at FVOCI | | | | |
| – Bills receivables measured at FVOCI *(Note 18)* | – | 197,178 | – | 197,178 |

| | As at December 31, 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Fair value measured on a recurring basis** | | | | |
| Financial assets measured at FVOCI | | | | |
| – Bills receivables measured at FVOCI *(Note 18)* | – | 117,971 | – | 117,971 |

| | As at December 31, 2025 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Fair value measured on a recurring basis** | | | | |
| Financial assets measured at FVOCI | | | | |
| – Unlisted equity security *(Note 16)* | – | 4,527 | – | 4,527 |
| – Bills receivables measured at FVOCI *(Note 18)* | – | 156,244 | – | 156,244 |
| | – | 160,771 | – | 160,771 |

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

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the unlisted equity securities in Level 2 is determined by recent comparable transaction price on the market.

The fair value of bills receivables measured at FVOCI in Level 2 is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

## 32 COMMITMENTS

Capital commitments outstanding at December 31, 2023, 2024 and 2025 not provided for in the financial statements were as follows:

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Contracted for acquisition of property, plant and equipment | 78,412 | 27,791 | 4,524 |

## 33 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Short-term employee benefits | 8,488 | 7,931 | 7,563 |
| Equity settled share-based transactions | 158 | 383 | 257 |
| | 8,646 | 8,314 | 7,820 |

Total remuneration is included in "staff costs" (see Note 6(b)).

### (b) Names and relationships of the related parties that had material transactions with Group

| Name of related parties | Relationships |
|---|---|
| Beijing Xianjian Zhikong Technology Co., Ltd. 北京先見智控科技有限公司 | Entity of which the director of the Company is a member of its key management personnel |
| Xianjian Zhikong Technology (Changzhou) Co., Ltd. 先見智控科技(常州)有限公司 | Entity of which the director of the Company is a member of its key management personnel |
| Inner Mongolia North Jasung Technology Co., Ltd. 內蒙古北方嘉軒科技有限公司 | Associate of the Group |
| Shandong Quanxing Jasung Intelligent Industrial Technology Co., Ltd. 山東泉興嘉軒智能工業科技有限公司 | Associate of the Group |
| Ms. Fu Jie | Director of the Company |

These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

**(c) Material related parties transactions**

The Group entered into the following material related party transactions for the years 2023, 2024 and 2025:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Sales of goods | | | |
| – Inner Mongolia North Jasung Technology Co., Ltd. | 20,352 | 29,576 | 30,595 |
| Purchase of goods | | | |
| – Xianjian Zhikong Technology (Changzhou) Co., Ltd. | 1,527 | 1,514 | 1,234 |

**(d) Balance with related parties**

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

| | As at December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade related** | | | |
| Trade receivables | | | |
| – Inner Mongolia North Jasung Technology Co., Ltd. | – | 22,183 | 12,264 |
| Contract assets | | | |
| – Inner Mongolia North Jasung Technology Co., Ltd. | – | 1,182 | 1,343 |
| Prepayments and other receivables | | | |
| – Beijing Xianjian Zhikong Technology Co., Ltd. | 223 | 223 | 223 |
| Trade payables | | | |
| – Xianjian Zhikong Technology (Changzhou) Co., Ltd. | 242 | 471 | 302 |
| Contract liabilities | | | |
| – Inner Mongolia North Jasung Technology Co., Ltd. | 6,167 | – | – |
| – Shandong Quanxing Jasung Intelligent In-dustrial Technology Co., Ltd. | – | – | 2,490 |

**(e) Guarantees issued by related parties**

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Guarantees issued by Ms. Fu Jie in respect of bank loans and other borrowings | 272,684 | 275,857 | 113,010 |

## 34 SUBSEQUENT EVENTS

There is no significant non-adjusting event after the Track Record Period.

## 35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the following which may be relevant to the Group.

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to IFRS 9 and IFRS 7, Contracts referencing nature-dependent electricity | January 1, 2026 |
| Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments* | January 1, 2026 |
| Annual improvements to IFRS Accounting Standards – Volume 11 | January 1, 2026 |
| IFRS 18, *Presentation and disclosure in financial statements* | January 1, 2027 |
| IFRS 19, *Subsidiaries without public accountability: disclosures* | January 1, 2027 |
| Amendments to IAS 21, Translation to a hyperinflationary presentation currency | January 1, 2027 |
| Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group, except for the following:

## IFRS 18, PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management defined performance measures in a single note in the financial statements. Minor amendments to IAS 7 Statement of cash flows are also made.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

## SUBSEQUENT FINANCIAL STATEMENTS

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