
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[65], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 深圳市鉑科新材料股份有限公司 POCO HOLDING CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of 深圳市鉑科新材料股份有限公司 POCO Holding Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-[65], 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 cash flow statements for each of the years ended December 31, 2023, 2024 and 2025 (the “Relevant Periods”), 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-[65] 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 H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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.

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.

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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 Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Company as at March 31, 2026, 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 cash flow statements for the three months ended March 31, 2025 and 2026 and other explanatory information (the “Interim Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, 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-[4] have been made.

Dividends

We refer to note 29(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

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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 Relevant Periods, 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”).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in RMB)

	Note	Year ended December 31,			Three months ended	
		March 31,				
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	(unaudited)
Revenue	4	1,158,520	1,662,941	1,802,237	383,308	489,593
Cost of sales		(699,641)	(986,192)	(1,045,698)	(238,881)	(307,953)
Gross profit		458,879	676,749	756,539	144,427	181,640
Other income, gain and losses	5	23,569	17,872	15,380	2,470	(3,389)
Selling and distribution expenses		(20,764)	(26,606)	(24,967)	(5,683)	(6,395)
Administrative expenses		(77,837)	(99,453)	(95,867)	(18,636)	(24,830)
Research and development expenses		(74,713)	(117,137)	(151,556)	(31,269)	(42,890)
Impairment losses on financial assets	6	(765)	(14,532)	(187)	129	1,219
Profit from operations		308,369	436,893	499,342	91,438	105,355
Finance costs	7(a)	(17,625)	(16,473)	(19,411)	(3,797)	(4,066)
Share of profit or loss of an associate		—	—	44	—	83
Profit before taxation		290,744	420,420	479,975	87,641	101,372
Income tax	8(a)	(35,148)	(46,642)	(53,851)	(14,214)	(12,853)
Profit for the year/period		<u>255,596</u>	<u>373,778</u>	<u>426,124</u>	<u>73,427</u>	<u>88,519</u>
Attributable to:						
Equity Shareholders of the Company		255,771	375,721	418,139	73,764	88,519
Non-controlling interests		(175)	(1,943)	7,985	(337)	—
Profit for the year/period		<u>255,596</u>	<u>373,778</u>	<u>426,124</u>	<u>73,427</u>	<u>88,519</u>
Earnings per share	11					
Basic (RMB)		0.66	0.96	1.04	0.19	0.22
Diluted (RMB)		0.65	0.95	1.03	0.19	0.22

The accompanying notes are integral part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Year ended December 31,			Three months ended March 31,	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000 (unaudited)
Profit for the year/period	255,596	373,778	426,124	73,427	88,519
Other comprehensive income for the year/period					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements of overseas subsidiaries	—	—	26	—	(624)
Total comprehensive income for the year/period	255,596	373,778	426,150	73,427	87,895
Attributable to:					
Equity shareholders of the Company	255,771	375,721	418,165	73,764	87,895
Non-controlling interests	(175)	(1,943)	7,985	(337)	—
Total comprehensive income for the year/period	255,596	373,778	426,150	73,427	87,895

The accompanying notes are integral part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at December 31,			As at
	Note	2023	2024	2025	March 31,
		RMB'000	RMB'000	RMB'000	2026
					(unaudited)
Non-current assets					
Property, plant and equipment	12	857,460	1,098,686	1,465,055	1,527,442
Right-of-use assets	13	262,942	428,602	444,102	438,647
Investment property	14	6,981	6,479	5,978	5,678
Intangible assets		465	217	389	363
Interests in an associate	17	—	—	32,044	32,128
Prepayments	20	128,961	39,415	30,413	55,728
Deferred tax assets	26(b)	61,460	93,968	36,656	37,835
		<u>1,318,269</u>	<u>1,667,367</u>	<u>2,014,637</u>	<u>2,097,821</u>
Current assets					
Inventories	18	217,840	190,869	280,747	329,237
Trade and bills receivable	19	626,045	970,602	1,039,265	991,013
Prepayments, deposits and other receivables	20	112,986	60,124	74,054	89,649
Current tax assets	26(a)	2,512	5,308	7,138	9,216
Financial assets measured at fair value through profit or loss (“FVPL”)	15	53,019	41,433	120,456	110,618
Cash and cash equivalents	21	181,051	144,206	435,033	443,421
		<u>1,193,453</u>	<u>1,412,542</u>	<u>1,956,693</u>	<u>1,973,154</u>
Current liabilities					
Trade and other payables	22	199,955	214,704	314,184	329,344
Contract liabilities	23	432	240	926	1,709
Loans and borrowings	24	59,400	30,185	104,786	114,786
Lease liabilities	25	11,970	23,682	17,581	14,660
Current taxation	26(a)	6,098	2,221	4,445	7,431
		<u>277,855</u>	<u>271,032</u>	<u>441,922</u>	<u>467,930</u>
Net current assets		<u>915,598</u>	<u>1,141,510</u>	<u>1,514,771</u>	<u>1,505,224</u>
Total assets less current liabilities		<u>2,233,867</u>	<u>2,808,877</u>	<u>3,529,408</u>	<u>3,603,045</u>

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	<i>Note</i>	As at December 31,			As at March 31,
		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Non-current liabilities					
Loans and borrowings	24	89,245	80,235	66,507	59,642
Lease liabilities	25	200,366	347,316	374,508	371,610
Deferred income	27	323	2,193	30,347	43,297
Deferred tax liabilities	26(b)	<u>36,559</u>	<u>58,607</u>	<u>—</u>	<u>—</u>
		<u>326,493</u>	<u>488,351</u>	<u>471,362</u>	<u>474,549</u>
NET ASSETS					
		<u>1,907,374</u>	<u>2,320,526</u>	<u>3,058,046</u>	<u>3,128,496</u>
CAPITAL AND RESERVES					
Share capital	29(c)	198,810	281,382	289,831	289,888
Reserves	29(d)	<u>1,702,526</u>	<u>2,028,933</u>	<u>2,741,905</u>	<u>2,838,608</u>
Total equity attributable to equity shareholders of the Company					
		1,901,336	2,310,315	3,031,736	3,128,496
Non-controlling interests					
		<u>6,038</u>	<u>10,211</u>	<u>26,310</u>	<u>—</u>
TOTAL EQUITY					
		<u>1,907,374</u>	<u>2,320,526</u>	<u>3,058,046</u>	<u>3,128,496</u>

The accompanying notes are integral part of the Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at December 31,			As at
	Note	2023	2024	2025	March 31,
		RMB'000	RMB'000	RMB'000	2026
					RMB'000
					(unaudited)
Non-current assets					
Property, plant and equipment	12	258,368	240,988	218,617	212,935
Right-of-use assets		707	831	402	300
Intangible assets		430	195	382	347
Investments in subsidiaries	16	447,369	530,603	586,576	607,581
Interests in an associate	17	—	—	32,044	32,128
Prepayments	20	5,267	4,677	2,523	4,670
Deferred tax assets	26(b)	9,463	11,853	9,169	9,169
		<u>721,604</u>	<u>789,147</u>	<u>849,713</u>	<u>867,130</u>
Current assets					
Inventories	18	180,419	131,374	168,073	186,587
Trade and bills receivable	19	712,500	1,107,955	1,174,162	1,105,679
Prepayments, deposits and other receivables	20	293,246	170,220	364,082	430,033
Current tax assets	26(a)	—	4,387	5,580	7,499
Financial assets measured at fair value through profit or loss (“FVPL”)	15	35,011	10,358	90,322	100,551
Cash and cash equivalents	21	152,174	117,516	375,034	350,724
		<u>1,373,350</u>	<u>1,541,810</u>	<u>2,177,253</u>	<u>2,181,073</u>
Current liabilities					
Trade and other payables	22	324,093	316,661	576,339	590,152
Contract liabilities	23	432	240	861	612
Loans and borrowings	24	39,400	30,185	69,786	79,786
Lease liabilities		393	432	251	211
Current taxation	26(a)	4,119	—	—	—
		<u>368,437</u>	<u>347,518</u>	<u>647,237</u>	<u>670,761</u>
Net current assets		<u>1,004,913</u>	<u>1,194,292</u>	<u>1,530,016</u>	<u>1,510,312</u>
Total assets less current liabilities		<u>1,726,517</u>	<u>1,983,439</u>	<u>2,379,729</u>	<u>2,377,442</u>

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	<i>Note</i>	As at December 31,			As at
		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>March 31,</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<u>2026</u>
					<i>RMB'000</i>
					(unaudited)
Non-current liabilities					
Loans and borrowings	24	89,245	80,235	66,507	59,642
Lease liabilities		308	425	156	78
Deferred income	27	323	2,193	1,166	2,639
Deferred tax liabilities	26(b)	<u>2,562</u>	<u>2,239</u>	<u>—</u>	<u>—</u>
		<u>92,438</u>	<u>85,092</u>	<u>67,829</u>	<u>62,359</u>
NET ASSETS		<u>1,634,079</u>	<u>1,898,347</u>	<u>2,311,900</u>	<u>2,315,083</u>
CAPITAL AND RESERVES					
Share capital	29(c)	198,810	281,382	289,831	289,888
Reserves	29(d)	<u>1,435,269</u>	<u>1,616,965</u>	<u>2,022,069</u>	<u>2,025,195</u>
TOTAL EQUITY		<u>1,634,079</u>	<u>1,898,347</u>	<u>2,311,900</u>	<u>2,315,083</u>

The accompanying notes are integral part of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserves	Retained profits		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 29(c))	(note 29(d))	(note 29(d))	(note 29(d))	(note 29(d))			
Balance at January 1, 2023	109,860	817,600	50,986	—	41,462	609,186	—	1,629,094
Changes in equity for 2023:								
Profit/(loss) for the year	—	—	—	—	—	255,771	(175)	255,596
Total comprehensive income	—	—	—	—	—	255,771	(175)	255,596
Shares issued under share-based employee incentive plans	600	21,371	—	—	(9,923)	—	—	12,048
Capitalisation issue	88,350	(88,350)	—	—	—	—	—	—
Share-based payment transaction costs	—	—	—	—	22,328	—	—	22,328
Deferred tax arising from share-based payment transactions	—	—	—	—	4,396	—	—	4,396
Capital contribution from non-controlling interests	—	—	—	—	—	—	6,000	6,000
Appropriation to statutory reserve	—	—	26,835	—	—	(26,835)	—	—
Dividends declared	—	—	—	—	—	(22,088)	—	(22,088)
Others	—	—	—	—	(213)	—	213	—
Balance at December 31, 2023 and January 1, 2024	198,810	750,621	77,821	—	58,050	816,034	6,038	1,907,374
Changes in equity for 2024:								
Profit/(loss) for the year	—	—	—	—	—	375,721	(1,943)	373,778
Total comprehensive income	—	—	—	—	—	375,721	(1,943)	373,778
Shares issued under share-based employee incentive plans	2,502	70,050	—	—	(24,208)	—	—	48,344
Capitalisation issue	80,070	(80,070)	—	—	—	—	—	—
Share-based payment transaction costs	—	—	—	—	16,359	—	—	16,359
Deferred tax arising from share-based payment transactions	—	—	—	—	8,706	—	—	8,706
Capital contribution from non-controlling interests	—	—	—	—	—	—	6,000	6,000
Appropriation to statutory reserve	—	—	37,448	—	—	(37,448)	—	—
Dividends declared	—	—	—	—	—	(40,035)	—	(40,035)
Others	—	—	—	—	(116)	—	116	—
Balance at December 31, 2024	281,382	740,601	115,269	—	58,791	1,114,272	10,211	2,320,526

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	Attributable to equity shareholders of the Company						Non-		
	Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserves	Retained profits	Sub-total	controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 29(c))	(note 29(d))	(note 29(d))	(note 29(d))	(note 29(d))				
Balance at January 1, 2025	281,382	740,601	115,269	—	58,791	1,114,272	2,310,315	10,211	2,320,526
Changes in equity for 2025:									
Profit for the year	—	—	—	—	—	418,139	418,139	7,985	426,124
Other comprehensive income	—	—	—	26	—	—	26	—	26
Total comprehensive income	—	—	—	26	—	418,139	418,165	7,985	426,150
Private placement of shares to specific investors	6,722	287,531	—	—	—	—	294,253	—	294,253
Shares issued under share-based employee incentive plans	1,727	64,934	—	—	(14,382)	—	52,279	—	52,279
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	8,000	8,000
Appropriation to statutory reserve	—	—	41,751	—	—	(41,751)	—	—	—
Share-based payment transaction costs	—	—	—	—	8,261	—	8,261	—	8,261
Deferred tax arising from share-based payment transactions	—	—	—	—	6,355	—	6,355	—	6,355
Dividends declared	—	—	—	—	—	(57,778)	(57,778)	—	(57,778)
Others	—	—	—	—	(114)	—	(114)	114	—
Balance at December 31, 2025	289,831	1,093,066	157,020	26	58,911	1,432,882	3,031,736	26,310	3,058,046

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	Attributable to equity shareholders of the Company						Non-		
	Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserves	Retained profits	Sub-total	controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 29(c))	(note 29(d))	(note 29(d))	(note 29(d))	(note 29(d))				
(Unaudited)									
Balance at January 1, 2026	289,831	1,093,066	157,020	26	58,911	1,432,882	3,031,736	26,310	3,058,046
Changes in equity for the three months ended March 31, 2026									
Profit for the period	—	—	—	—	—	88,519	88,519	—	88,519
Other comprehensive income	—	—	—	(624)	—	—	(624)	—	(624)
Total comprehensive income	—	—	—	(624)	—	88,519	87,895	—	87,895
Shares issued under share-based employee incentive plans	57	2,249	—	—	(282)	—	2,024	—	2,024
Share-based payment transaction costs	—	—	—	—	1,531	—	1,531	—	1,531
Appropriation to statutory reserve	—	—	—	—	—	—	—	—	—
Dividends paid to a non-controlling interest holder	—	—	—	—	—	—	—	(1,000)	(1,000)
Acquisition of non-controlling interests	—	—	—	—	5,310	—	5,310	(25,310)	(20,000)
Balance at March 31, 2026	289,888	1,095,315	157,020	(598)	65,470	1,521,401	3,128,496	—	3,128,496
(Unaudited)									
Balance at January 1, 2025	281,382	740,601	115,269	—	58,791	1,114,272	2,310,315	10,211	2,320,526
Changes in equity for the three months ended March 31, 2025									
Profit/(loss) for the period	—	—	—	—	—	73,764	73,764	(337)	73,427
Total comprehensive income	—	—	—	—	—	73,764	73,764	(337)	73,427
Private placement of shares to specific investors	6,722	287,531	—	—	—	—	294,253	—	294,253
Shares issued under share-based employee incentive plans	302	11,923	—	—	(1,432)	—	10,793	—	10,793
Share-based payment transaction costs	—	—	—	—	3,168	—	3,168	—	3,168
Balance at March 31, 2025	288,406	1,040,055	115,269	—	60,527	1,188,036	2,692,293	9,874	2,702,167

The accompanying notes are integral part of the Historical Financial Information.

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CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended December 31,			Three months ended	
		March 31,			2025	2026
		2023	2024	2025		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	(unaudited)
Operating activities						
Cash generated from operations	21(b)	188,329	163,159	387,141	142,629	106,448
Interest received		2,084	4,335	8,691	321	1,741
Income tax paid	26(a)	(29,067)	(55,069)	(48,397)	(24,520)	(13,124)
Net cash generated from operating activities		<u>161,346</u>	<u>112,425</u>	<u>347,435</u>	<u>118,430</u>	<u>95,065</u>
Investing activities						
Payment for purchase of property, plant and equipment and intangible assets		(177,652)	(179,492)	(264,693)	(86,565)	(66,246)
Proceeds from sale of property, plant and equipment		1,068	893	941	18	—
Investments in an associate		—	—	(32,000)	—	—
Payments for purchase of wealth management products		(228,000)	(55,000)	(826,295)	(260,000)	(20,000)
Proceeds from redemption of wealth management products		<u>364,842</u>	<u>68,275</u>	<u>750,927</u>	<u>41,528</u>	<u>30,322</u>
Net cash used in investing activities		<u>(39,742)</u>	<u>(165,324)</u>	<u>(371,120)</u>	<u>(305,019)</u>	<u>(55,924)</u>
Financing activities						
Proceeds from private placement of shares		—	—	297,500	297,500	—
Capital injection from non-controlling interests		6,000	6,000	8,000	—	—
Proceeds from issuance of shares under the share-based incentive schemes		12,048	48,344	52,015	11,280	2,194
Proceeds from loans and borrowings		75,478	90,615	160,666	10,876	20,889
Repayment of loans and borrowings		(104,994)	(109,290)	(101,175)	(13,145)	(17,864)
Payments for lease rentals		(20,075)	(27,934)	(33,857)	(7,878)	(9,091)
Dividends paid to equity shareholders of the Company		(22,088)	(40,035)	(57,778)	—	—
Dividends paid to non-controlling interests		—	—	—	—	(1,000)
Payments for acquisition of non-controlling interests		—	—	—	—	(20,000)
Interest paid		(4,847)	(4,083)	(2,139)	(718)	(521)
Payments for transaction costs on private placement of shares		—	—	(3,247)	(3,247)	—
Payments for pledged deposits for financing purpose		(20,000)	—	—	—	—
Release of pledged deposits for financing purpose		—	50,000	—	—	—
Other financing cashflows		<u>(408)</u>	<u>(234)</u>	<u>(757)</u>	<u>142</u>	<u>(17)</u>
Net cash (used in)/generated from financing activities		<u>(78,886)</u>	<u>13,383</u>	<u>319,228</u>	<u>294,810</u>	<u>(25,410)</u>

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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	<i>Note</i>	Year ended December 31,			Three months ended	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Net increase/(decrease) in cash and cash equivalents		42,718	(39,516)	295,543	108,221	13,731
Effect of foreign exchange rate changes		2,025	2,671	(4,716)	142	(5,343)
Cash and cash equivalents at the beginning of the year/period		<u>136,308</u>	<u>181,051</u>	<u>144,206</u>	<u>144,206</u>	<u>435,033</u>
Cash and cash equivalents at the end of the year/period	21(a)	<u><u>181,051</u></u>	<u><u>144,206</u></u>	<u><u>435,033</u></u>	<u><u>252,569</u></u>	<u><u>443,421</u></u>

The accompanying notes are integral part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in thousands of RMB, unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

深圳市鉑科新材料股份有限公司 POCO Holding Co., Ltd., hereinafter referred to as the “Company”, was established in Shenzhen City, Guangdong Province, the People’s Republic of China (the “PRC”) on September 17, 2009 as a limited liability company under the PRC Company Law. In September 2015, the Company was converted into a joint stock limited liability company. On December 30, 2019, the Company’s A Shares were listed on Shenzhen Stock Exchange.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in development, manufacturing and sales of alloy soft magnetic powder cores, AI chip inductors and alloy soft magnetic powder.

The financial statements of the Company and its subsidiaries for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The Company’s statutory financial statements for the years ended December 31, 2023, 2024, and 2025 were audited by Zhongshen Zhonghuan Certified Public Accountants LLP 中審眾環會計師事務所(特殊普通合夥).

As at December 31, 2023, 2024 and 2025 and March 31, 2026, and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Effective interest held by the Group					Principal activities
						At the date of this report		
			As at December 31, 2023	2024	2025	As at March 31, 2026 (unaudited)		
Huizhou POCO Magnetic Materials Co., Ltd. (惠州鉑科磁材有限公司) (i)(ii)	Chinese Mainland September 27, 2010	RMB2,000,000	100%	100%	100%	100%	100%	Manufacturing of products
Huizhou POCO Industrial Co., Ltd. (惠州鉑科實業有限公司) (i)(ii)	Chinese Mainland February 21, 2008	RMB80,000,000	100%	100%	100%	100%	100%	Manufacturing of products
Chengdu POCO Science and Technology Co., Ltd. (成都市鉑科新材料技術有限責任公司) (i)(iii)	Chinese Mainland December 24, 2020	RMB5,000,000	100%	100%	100%	100%	100%	Development of products
Heyuan POCO Science and Technology New Materials Co., Ltd. (河源市鉑科新材料有限公司) (i)(ii)	Chinese Mainland February 9, 2021	RMB80,000,000	100%	100%	100%	100%	100%	Manufacturing of products
Huizhou POCO New Inductor Technology Co., Ltd. (惠州鉑科新感技術有限公司) (i)(ii)	Chinese Mainland June 30, 2023	RMB100,000,000	80%	80%	80%	100%	100%	Manufacturing of products
Shenzhen POCO New Materials Sales Co., Ltd. (深圳市鉑科新材料銷售有限公司) (i)(iv)	Chinese Mainland February 8, 2025	RMB10,000,000	N/A	N/A	100%	100%	100%	Sales of products
POCO Holding Limited (鉑科控股投資有限公司) (v)	Hong Kong July 9, 2024	HKD10,000	N/A	100%	100%	100%	100%	Investment holding
POCO International Limited (鉑科國際有限公司) (v)	Hong Kong July 18, 2024	HKD10,000	N/A	100%	100%	100%	100%	Investment holding
POCO New Material (Thailand) Co., Ltd. (鉑科新材(泰國)有限公司) (vi)	Thailand November 6, 2024	THB13,985,000	N/A	100%	100%	100%	100%	Manufacturing of products
Botai Investment Limited (鉑泰投資有限公司) (v)	Hong Kong March 27, 2025	HKD10,000	N/A	N/A	100%	100%	100%	Investment holding
International Tiancheng Trading Limited (國際天成貿易有限公司) (v)	Hong Kong March 27, 2025	HKD10,000	N/A	N/A	100%	100%	100%	Sales of products
Suzhou POCO New Inductor Materials Co., Ltd. (蘇州鉑科芯感新材料有限公司) (vii)	Chinese Mainland April 16, 2026	RMB5,000,000	N/A	N/A	N/A	N/A	100%	Manufacturing of products

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Notes:

- (i) The official names of these companies are in Chinese and the English translation of the company names is for reference only. These companies are all limited liability companies under the law of the PRC.
- (ii) The audited financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and were audited by Shenzhen Xinpeng Certified Public Accountants (General Partnership) (深圳鑫鵬會計師事務所(普通合夥)).
- (iii) No audited financial statements have been prepared for this entity for the years ended December 31, 2023, 2024 and 2025.
- (iv) The audited financial statements of this entity for the period from the date of incorporation to December 31, 2025 was prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and was audited by Shenzhen Xinpeng Certified Public Accountants (General Partnership) (深圳鑫鵬會計師事務所(普通合夥)).
- (v) The audited financial statements of these entities for the period from the date of incorporation to December 31, 2025 were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities and were audited by AYC CPA LIMITED.
- (vi) The audited financial statements of this entity for the period from the date of incorporation to December 31, 2024 and for the year ended December 31, 2025 were prepared in accordance with the Thailand Financial Reporting Standards for Non-Publicly Accountable Entities and were audited by Mr. Tanawat Rangketvit, Certified Public Accountants.
- (vii) No audited financial statements have been prepared for this entity as of the date of this report.
- (viii) During the track record period and as at the date of this report, POCO International Limited (鉑科國際有限公司), POCO New Material (Thailand) Co., Ltd. (鉑科新材(泰國)有限公司), Botai Investment Limited (鉑泰投資有限公司) and International Tiancheng Trading Limited (國際天成貿易有限公司) are indirectly held by the Company and other subsidiaries are directly held by the Company.

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

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards 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 the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2026 are set out in note 33.

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 Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Interim Financial Information are presented in Renminbi (“RMB”), rounded to the nearest thousand (“RMB’000”), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

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

— other investments (see note 2(e))

(b) Use of estimates and judgements

The preparation of the 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.

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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 financial statements 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, 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 unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group elects to measure the non-controlling interests (“NCI”) 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 statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between 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 statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)).

(d) Associates

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

An interest in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequently, the financial statements include the Group’s or the Company’s share of the profit or loss and other comprehensive income (“OCI”) of those investees, until the date on which significant influence or joint control ceases.

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, after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(e) Other investments

The Group’s policies for investments, other than investments in subsidiaries and associates, are set out below.

Other investments are recognised/derecognised on the date the Group commits to purchase/sell the investments. 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 (“FVPL”) 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 30(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses and interest income calculated using the effective interest method (see note 2(t)(ii)(b)) 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 losses and interest income (calculated using the effective interest method) are recognised in profit or loss and computed in

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the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognized in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL, if the investment does not meet the criteria for being measured at amortised 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 income (see note 2(t)(ii)(d)).

(f) **Investment property**

Investment property is initially measured at cost. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

- Buildings 20 years

The carrying amount of investment property measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Any gain or loss on disposal of investment property is recognised in profit or loss.

(g) **Property, plant and equipment**

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any impairment losses (see note 2(j)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gains or losses on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost 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 estimate useful lives are as follows:

- Buildings 10–30 years
- Machinery and equipment 3–10 years
- Vehicles 3–5 years
- Office equipment and others 3–5 years
- Decorations and factory improvements 3–20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses (see note 2(j)(ii)). Cost comprises direct costs of construction as well as interest expense capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

(h) **Intangible assets**

Expenditure on research and development activities is recognised in profit or loss as incurred.

Intangible assets acquired by the Group with finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line basis over their estimated useful lives, if any, and is generally recognised in profit or loss.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Software 2 years

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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) 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 identifiable asset and to obtain substantially all of the economic benefits from that use.

(i) 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. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, 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 amortised 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 capitalised 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 losses (see notes 2(j)(ii)).

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 amortised cost (see notes 2(e)(i)). 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 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 financial statements, 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.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(t)(ii)(a).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost, non-equity securities measured at FVOCI, contract assets and lease receivables.

Measurement of ECLs

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

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

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivables.

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are 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 live of the instrument is less than 12 months); and
- lifetime ECLs: these are 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 instruments 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 and bills receivable and lease receivables 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 realising security (if any is held); or
- the financial asset is 90 days past due.

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 recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the statements 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;
- 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

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Write-off policy

The gross carrying amount of a financial asset or lease receivables 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, contract assets 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 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 losses are 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 amortisation, if no impairment loss had been recognised.

(k) Inventories

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

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

Net realisable 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.

(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. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(j)(i)).

(m) Cash and cash equivalents and restricted bank deposits

Cash and cash equivalents comprise cash at bank and in 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.

Pledged bank deposits which are restricted to use are included in “Other receivables, deposits and prepayments” in the statements of financial position. Restricted bank deposits are excluded from cash and cash equivalents in the consolidated cash flow statements.

Cash and cash equivalents and restricted cash are assessed for ECLs in accordance with the policy set out in note 2(j)(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 amortised 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 amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

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(p) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(t)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 2(j)(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(t)(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)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)(ii)(b)).

(q) 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 grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The equity amount is recognised in the capital reserve until either the equity award is exercised (when it is included in the amount recognised in share capital and share premium for the shares issued) or the equity award expired (when it is released directly to retained profits).

(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.

(r) Income tax

Income tax expense comprises current 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 expected tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous periods. 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 and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 losses 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

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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 realised; 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.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the use by others of the Group’s assets under leases in the ordinary course of the Group’s business.

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

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group’s ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product 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 such as value added tax or other sales taxes.

Revenue is recognised when the customer takes possession of and receives the products for domestic sales, or when the products are delivered to the designated freight forwarder, or the bill of lading is obtained for export sales.

(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.

(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 amortised 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 statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

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

Grants that compensate the Group for the cost of an asset are recognised by setting up the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

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(d) *Dividends*

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established.

(u) **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.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(v) **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 capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) **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.

(x) **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.

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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.

According to the Group’s internal organisational structure, management requirements and internal reporting system, the nature, production process, sales methods of the Group’s products are similar. The Group’s operations and strategies operate as a whole. Therefore, the management believes that the Group has only one reportable segment and no segment analysis is presented.

3 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group’s accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

(a) Loss allowance for ECLs

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

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior periods and affect the Group’s net assets value. The Group reassesses these estimates at each reporting date. Management measures these estimates at each statement of financial position date.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are development, manufacturing and sales of alloy soft magnetic powder cores, AI chip inductors and alloy soft magnetic powder.

(i) Disaggregation of revenue

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

	Year ended December 31,			Three months ended	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	(unaudited)
Revenue from contracts with customers					
within the scope of IFRS15					
<i>Disaggregated by major types of products</i>					
Alloy soft magnetic powder cores	1,026,304	1,233,635	1,289,171	290,700	316,173
AI Chip inductors	77,538	366,194	439,453	73,904	159,223
Alloy soft magnetic powder	27,115	39,944	55,328	12,616	12,527
Others	25,901	21,506	17,234	5,676	1,457
	<u>1,156,858</u>	<u>1,661,279</u>	<u>1,801,186</u>	<u>382,896</u>	<u>489,380</u>
Revenue from other sources					
Rental income	1,662	1,662	1,051	412	213
	<u>1,158,520</u>	<u>1,662,941</u>	<u>1,802,237</u>	<u>383,308</u>	<u>489,593</u>

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

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Revenue from contracts with customers					
Point in time	1,156,858	1,661,279	1,801,186	382,896	489,380

(b) Information about major customers

Revenue from customers with whom transactions exceeded 10% of the Group’s total revenue during the year ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Customer A	206,552	224,198	243,835	51,978	58,267
Customer B	165,361	177,304	N/A*	46,950	N/A*
Customer C	N/A*	N/A*	N/A*	51,462	N/A*
Customer D	N/A*	N/A*	N/A*	N/A*	86,987

* Revenue from the customer is less than 10% of the Group’s total revenue for the relevant year/period.

Details of concentrations of credit risk arising from these customers are set out in note 30(a).

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligations as the original expected duration of substantially all the contracts of the Group are within one year or less.

(c) Segment reporting

Operating segments are identified on the basis of internal reports that the Group’s most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group’s most senior executive management makes resources allocation decisions based on internal management functions and assess the Group’s business performance as one integrated business. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(d) Geographic information

The geographical analysis of revenue is based on the location of the customers to whom the goods or services were delivered or provided. The location of non-current assets is based on the location of the operations in which the assets are held. Non-current assets exclude interests in an associate and deferred tax assets.

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Revenue					
Chinese Mainland	1,051,586	1,434,791	1,476,134	319,184	382,109
Overseas					
— Asia-Pacific (excluding Chinese Mainland)	79,980	214,329	293,745	61,372	95,365
— Europe	26,941	13,645	28,444	2,738	11,278
— Others	13	176	3,914	14	841
	1,158,520	1,662,941	1,802,237	383,308	489,593

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	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Non-current assets				
Chinese Mainland	1,256,809	1,573,399	1,935,751	2,018,197
Thailand	—	—	10,186	9,661
	<u>1,256,809</u>	<u>1,573,399</u>	<u>1,945,937</u>	<u>2,027,858</u>

5 OTHER INCOME, GAIN AND LOSSES

	Year ended December 31,			Three months ended	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Interest income	2,084	4,335	8,691	321	1,741
Government grants (note (a))	10,721	3,510	6,040	135	1,139
Additional deduction for VAT (note (b))	7,691	8,301	3,857	695	641
Fair value gains on financial assets measured at FVPL	2,401	1,689	3,655	467	484
Net losses on disposal of property, plant and equipment and other long-term assets	(1,541)	(2,817)	(3,398)	(61)	(1,228)
Net foreign exchange gains/(losses)	2,025	2,670	(5,039)	160	(6,608)
Others	188	184	1,574	753	442
	<u>23,569</u>	<u>17,872</u>	<u>15,380</u>	<u>2,470</u>	<u>(3,389)</u>

(a) Government grants

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

(b) Additional deduction for value-added tax (“VAT”)

Pursuant to the Notice on the VAT Credit Policy for Advanced Manufacturing Enterprises issued by the Ministry of Finance (“MOF”) and the State Administration of Taxation (“SAT”), advanced manufacturing enterprises are eligible for a 5% additional deduction based on deductible input VAT during the period from January 1, 2023 to December 31, 2027. Certain subsidiaries of the Group are entitled to such deductions.

6 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended December 31,			Three months ended	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Impairment loss recognised/(reversed) on					
— trade and bills receivable	805	14,513	(75)	(123)	(1,209)
— other receivables	(40)	19	262	(6)	(10)
	<u>765</u>	<u>14,532</u>	<u>187</u>	<u>(129)</u>	<u>(1,219)</u>

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7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Interest expenses on					
— lease liabilities	10,699	11,898	15,284	2,545	3,272
— loans and borrowings	5,345	4,533	3,521	936	631
— discounted bills	1,581	42	606	316	163
	<u>17,625</u>	<u>16,473</u>	<u>19,411</u>	<u>3,797</u>	<u>4,066</u>

(b) Staff costs (including directors’ and supervisors’ emoluments)

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Salaries, wages and other benefits	226,347	366,815	361,003	83,054	97,840
Contributions to defined contribution retirement plans	14,055	19,490	29,174	6,265	8,821
Equity-settled share-based payment expenses	22,328	16,359	8,261	3,168	1,531
Termination benefits	413	173	64	—	—
	<u>263,143</u>	<u>402,837</u>	<u>398,502</u>	<u>92,487</u>	<u>108,192</u>

The Group’s PRC entities participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities and the contribution made would not be forfeited when the employees leave the Group. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group has no other material obligations for payments of pension benefits beyond the contributions above.

(c) Other items

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Amortisation cost of intangible assets	47	248	462	87	26
Depreciation charge of					
— Property, plant and equipment	67,923	91,652	118,451	28,266	32,900
— Right-of-use assets	17,543	24,959	24,446	5,797	5,455
— Investment property	906	502	501	126	300
	<u>86,372</u>	<u>117,113</u>	<u>143,398</u>	<u>34,189</u>	<u>38,655</u>
Auditors’ remuneration	834	1,035	1,271	—	—
Cost of inventories (i)	709,043	998,873	1,071,017	246,439	319,793
Power and energy costs	99,963	113,905	115,449	26,538	29,683
Outsourced processing fees	13,006	51,202	54,002	9,559	21,362
Mold costs	8,190	17,412	38,457	7,330	14,123
Transportation costs	14,462	20,537	23,542	4,203	4,545

- (i) Cost of inventories includes RMB359,406,000, RMB539,939,000, RMB605,636,000, RMB137,895,000 (unaudited) and RMB180,224,000 (unaudited) for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, related to staff costs, depreciation and amortisation expenses, power and energy costs, outsourced processing fees and mold costs, which are also included in the respective total amounts disclosed separately above or in note 7(b).

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8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Year ended December 31,			Three months ended	
	March 31,				
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Current tax					
PRC corporate income tax					
— Provision for the year/period	37,080	49,227	47,271	18,421	14,032
— (Over)/under-provision in prior years	(219)	(831)	1,520	—	—
	<u>36,861</u>	<u>48,396</u>	<u>48,791</u>	<u>18,421</u>	<u>14,032</u>
Deferred tax					
Origination and reversal of temporary differences	(1,713)	(1,754)	5,060	(4,207)	(1,179)
	<u>35,148</u>	<u>46,642</u>	<u>53,851</u>	<u>14,214</u>	<u>12,853</u>

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

	Year ended December 31,			Three months ended	
	March 31,				
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Profit before taxation	<u>290,744</u>	<u>420,420</u>	<u>479,975</u>	<u>87,641</u>	<u>101,372</u>
Calculated at the tax rate applicable to respective group companies	44,269	63,168	74,720	14,214	18,032
Additional deduction for qualified research and development expenses	(10,392)	(16,733)	(23,296)	—	(5,179)
(Over)/under-provision in prior years	(219)	(831)	1,520	—	—
Effect of non-deductible expenses	2,382	1,002	431	—	—
Utilisation of tax losses not recognised in the prior period	(1,059)	—	—	—	—
Effect of deductible temporary differences and tax losses not recognised	6	36	476	—	—
Effect on deferred tax balances at January 1 resulting from a change in tax rate	<u>161</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Actual tax expense	<u>35,148</u>	<u>46,642</u>	<u>53,851</u>	<u>14,214</u>	<u>12,853</u>

Group’s income tax on profit before taxation is calculated at the tax rates applicable to the Company and its subsidiaries, taking into account preferential tax policies applicable to each of them.

In accordance with the Corporate Income Tax Law (the CIT Law) of the PRC, enterprises established in the PRC are subject to corporate income tax at the statutory rate of 25% except for the entities outlined below.

- Pursuant to the CIT Law of the PRC and relevant rules and regulations, the Company and some of its subsidiaries that are qualified as High and New Technology Enterprises are entitled to a preferential income tax rate of 15%;
- The Company’s subsidiary, Chengdu POCO New Material Technology Co., Ltd, fulfils the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, its assessable profits are reduced to 25% and are subject to the preferential income tax rate of 20%.

Pursuant to relevant tax regulations of the PRC, for income tax purpose, the Group’s eligible research and development expenses qualify for an additional 100% deduction during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026.

Overseas subsidiaries bear tax at the rates of taxation ruling in the countries or regions in which they operate.

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ACCOUNTANTS’ REPORT

9 DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS

Details of directors’ and supervisors’ emoluments during the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2025 and 2026 are as follows:

For the year ended December 31, 2023

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Du Jianghua (杜江華)	—	400	660	46	1,106	—	1,106
Mr. Zhou Houqiang (周後強) (i)	—	399	660	46	1,105	—	1,105
Mr. Ruan Jialin (阮佳林)	—	399	660	46	1,105	—	1,105
Mr. Luo Zhimin (羅志敏)	—	399	660	46	1,105	—	1,105
Independent non-executive directors							
Dr. Yi Zhihong (伊志宏)	80	—	—	—	80	—	80
Ms. Li Yin (李音)	80	—	—	—	80	—	80
Dr. Xie Chunxiao (謝春曉)	80	—	—	—	80	—	80
Supervisors							
Ms. Yao Hong (姚紅)	—	179	50	21	250	—	250
Mr. Yang Jianli (楊建立)	—	206	80	24	310	—	310
Ms. Sun Dandan (孫丹丹)	—	560	—	17	577	—	577
	<u>240</u>	<u>2,542</u>	<u>2,770</u>	<u>246</u>	<u>5,798</u>	<u>—</u>	<u>5,798</u>

For the year ended December 31, 2024

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Du Jianghua (杜江華)	—	402	660	49	1,111	—	1,111
Mr. Zhou Houqiang (周後強) (i)	—	402	660	49	1,111	—	1,111
Mr. Ruan Jialin (阮佳林)	—	402	660	49	1,111	—	1,111
Mr. Luo Zhimin (羅志敏)	—	402	660	49	1,111	—	1,111
Independent non-executive directors							
Dr. Yi Zhihong (伊志宏)	87	—	—	—	87	—	87
Ms. Li Yin (李音)	87	—	—	—	87	—	87
Dr. Xie Chunxiao (謝春曉)	87	—	—	—	87	—	87
Supervisors							
Ms. Yao Hong (姚紅)	—	186	76	22	284	—	284
Mr. Yang Jianli (楊建立)	—	200	144	26	370	—	370
Ms. Zou Zhao (鄒昭) (ii)	—	48	31	13	92	—	92
Ms. Sun Dandan (孫丹丹) (iii)	—	533	—	19	552	—	552
	<u>261</u>	<u>2,575</u>	<u>2,891</u>	<u>276</u>	<u>6,003</u>	<u>—</u>	<u>6,003</u>

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For the year ended December 31, 2025

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Du Jianghua (杜江華)	—	408	300	53	761	—	761
Mr. Zhou Houqiang (周後強)	—	409	300	53	762	—	762
Mr. Ruan Jialin (阮佳林)	—	408	300	53	761	—	761
Mr. Luo Zhimin (羅志敏)	—	408	300	53	761	—	761
Independent non-executive directors							
Dr. Yi Zhihong (伊志宏)	100	—	—	—	100	—	100
Ms. Li Yin (李音)	100	—	—	—	100	—	100
Dr. Xie Chunxiao (謝春曉)	100	—	—	—	100	—	100
Supervisors (iv)							
Ms. Yao Hong (姚紅)	—	160	—	18	178	—	178
Mr. Yang Jianli (楊建立)	—	158	—	22	180	—	180
Ms. Zou Zhao (鄒昭)	—	101	—	11	112	—	112
	300	2,052	1,200	263	3,815	—	3,815

For the three months ended March 31, 2025 (unaudited)

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Du Jianghua (杜江華)	—	101	—	13	114	—	114
Mr. Zhou Houqiang (周後強)	—	101	—	13	114	—	114
Mr. Ruan Jialin (阮佳林)	—	101	—	13	114	—	114
Mr. Luo Zhimin (羅志敏)	—	101	—	13	114	—	114
Independent non-executive directors							
Dr. Yi Zhihong (伊志宏)	25	—	—	—	25	—	25
Ms. Li Yin (李音)	25	—	—	—	25	—	25
Dr. Xie Chunxiao (謝春曉)	25	—	—	—	25	—	25
Supervisors							
Ms. Yao Hong (姚紅)	—	44	—	6	50	—	50
Mr. Yang Jianli (楊建立)	—	34	—	7	41	—	41
Ms. Zou Zhao (鄒昭)	—	26	—	4	30	—	30
	75	508	—	69	652	—	652

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For the three months ended March 31, 2026 (unaudited)

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Du Jianghua (杜江華)	—	135	—	13	148	—	148
Mr. Zhou Houqiang (周後強)	—	131	—	9	140	—	140
Mr. Ruan Jialin (阮佳林)	—	57	—	13	70	—	70
Mr. Luo Zhimin (羅志敏)	—	135	—	13	148	—	148
Independent non-executive directors							
Dr. Yi Zhihong (伊志宏)	25	—	—	—	25	—	25
Ms. Li Yin (李音) (v)	25	—	—	—	25	—	25
Dr. Xie Chunxiao (謝春曉)	25	—	—	—	25	—	25
	<u>75</u>	<u>458</u>	<u>—</u>	<u>48</u>	<u>581</u>	<u>—</u>	<u>581</u>

- (i) Mr. Zhou Houqiang (周後強) was formerly named Mr. Guo Xiongzhi (郭雄志) before 2025.
- (ii) Ms. Zou Zhao (鄒昭) was appointed as the supervisor of the Company on July 31, 2024.
- (iii) Ms. Sun Dandan (孫丹丹) resigned as the supervisor of the Company on August 16, 2024.
- (iv) On September 12, 2025, following the relevant requirements of the revised Company Law, the Company’s shareholders’ meeting passed a resolution to amend the Company’s Articles of Association and abolished the board of supervisors.
- (v) Ms. Li Yin (李音) resigned as independent non-executive director on June 17, 2026.
- (vi) Mr. Lee Chi Sum (李志深) was appointed as independent non-executive director on June 17, 2026.

10 INDIVIDUALS WITH HIGHEST REMUNERATION

The number of directors and supervisors and other employees included in the five highest paid individuals during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 are set forth below:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals (unaudited)
Directors and supervisors	4	3	1	—	—
Other employees	<u>1</u>	<u>2</u>	<u>4</u>	<u>5</u>	<u>5</u>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors and supervisors are disclosed in note 9. The remuneration in respect of the remaining individuals as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Salaries and other emoluments	1,266	2,447	4,674	1,177	1,125
Discretionary bonuses	—	—	—	—	—
Retirement scheme contributions	46	91	85	24	18
Share-based payments	<u>152</u>	<u>299</u>	<u>138</u>	<u>71</u>	<u>35</u>
	<u>1,464</u>	<u>2,837</u>	<u>4,897</u>	<u>1,272</u>	<u>1,178</u>

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The remuneration of the five highest paid non-director/supervisor individual(s) are within the following bands:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> (unaudited)	<i>Number of individuals</i> (unaudited)
HK\$nil–HK\$1,000,000	—	—	1	5	5
HK\$1,000,001–HK\$1,500,000	—	1	2	—	—
HK\$1,500,000–HK\$2,000,000	1	1	1	—	—

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 is based on the profit attributable to the equity shareholders of the Company and the weighted average number of ordinary shares in issue.

As disclosed in notes 29(c) and 34(b), the Company distributed stock dividend of 8 ordinary shares for every 10 ordinary shares in June 2023, 4 ordinary shares for every 10 ordinary shares in June 2024 and 4 ordinary shares for every 10 ordinary shares in May 2026. Accordingly, the weighted average number of ordinary shares has been adjusted retrospectively from January 1, 2023, for such stock dividends.

(i) Profit attributable to equity shareholders of the Company in basic earnings per share calculation

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Profit for the year/period attributable to the equity shareholders of the Company	<u>255,771</u>	<u>375,721</u>	<u>418,139</u>	<u>73,764</u>	<u>88,519</u>

(ii) Weighted-average number of ordinary shares

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i> (unaudited)	<i>'000</i> (unaudited)
Issued ordinary shares at the beginning of the year/period	109,860	198,810	281,382	281,382	289,831
Effect of private placement of shares (<i>note 29(c)</i>)	—	—	5,602	2,241	—
Effect of capitalisation issue (<i>notes 29(c) and 34(b)</i>)	278,328	191,452	115,149	113,490	115,953
Effect of shares issued under share-based employee incentive plans (<i>notes 28 and 29(c)</i>)	<u>626</u>	<u>1,488</u>	<u>888</u>	<u>101</u>	<u>52</u>
Weighted average number of ordinary shares at the end of the year/period	<u>388,814</u>	<u>391,750</u>	<u>403,021</u>	<u>397,214</u>	<u>405,836</u>

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(b) Diluted earnings per share

The calculation of the diluted earnings per share for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 is based on the above profit attributable to the equity shareholders of the Company and the weighted average number of ordinary shares, calculated as follows:

Weighted-average number of ordinary shares (diluted)

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	'000	'000	'000	'000	'000
				(unaudited)	(unaudited)
Weighted average number of ordinary shares at the end of the year/period	388,814	391,750	403,021	397,214	405,836
Effect of restricted shares	2,808	1,780	774	299	439
Effect of shares options	—	319	917	508	1,044
Weighted average number of ordinary shares (diluted) at the end of the year/period	<u>391,622</u>	<u>393,849</u>	<u>404,712</u>	<u>398,021</u>	<u>407,319</u>

12 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

The Group:

	Buildings	Machinery and equipment	Office equipment and others	Vehicles	Decorations and factory improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2023	305,554	337,121	16,019	2,266	27,358	130,577	818,895
Additions	2,349	83,306	8,448	318	10,247	138,210	242,878
Transfer from construction in progress	144,934	2,258	—	—	—	(147,192)	—
Disposals	(1,729)	(10,064)	(425)	(18)	—	—	(12,236)
As at December 31, 2023 and January 1, 2024	451,108	412,621	24,042	2,566	37,605	121,595	1,049,537
Additions	646	215,121	7,978	398	14,518	97,945	336,606
Transfer from construction in progress	41,154	81,577	47	—	—	(122,778)	—
Disposals	(135)	(8,088)	(1,182)	(88)	—	—	(9,493)
As at December 31, 2024 and January 1, 2025	492,773	701,231	30,885	2,876	52,123	96,762	1,376,650
Additions	44,825	119,582	8,786	202	12,970	303,524	489,889
Transfer from construction in progress	129,402	41,408	4,389	—	—	(175,199)	—
Disposals	(343)	(12,597)	(1,514)	(132)	—	—	(14,586)
Exchange adjustment	—	—	1	5	—	217	223
As at December 31, 2025 and January 1, 2026	666,657	849,624	42,547	2,951	65,093	225,304	1,852,176
Additions (unaudited)	—	26,857	2,279	—	808	71,952	101,896
Transfer from construction in progress (unaudited)	—	17,499	—	—	—	(17,499)	—
Disposals (unaudited)	—	(9,671)	(129)	—	—	—	(9,800)
Exchange adjustment (unaudited)	—	—	(2)	(12)	—	(522)	(536)
At March 31, 2026 (unaudited)	<u>666,657</u>	<u>884,309</u>	<u>44,695</u>	<u>2,939</u>	<u>65,901</u>	<u>279,235</u>	<u>1,943,736</u>

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	Buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Office equipment and others <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Decorations and factory improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Accumulated depreciation:							
At January 1, 2023	33,065	81,934	6,676	991	6,933	—	129,599
Charge for the year	15,738	38,609	2,941	519	10,116	—	67,923
Write-off on disposals	(411)	(4,795)	(226)	(13)	—	—	(5,445)
As at December 31, 2023 and January 1, 2024	48,392	115,748	9,391	1,497	17,049	—	192,077
Charge for the year	21,743	52,015	4,849	457	12,588	—	91,652
Write-off on disposals	(78)	(4,854)	(745)	(88)	—	—	(5,765)
As at December 31, 2024 and January 1, 2025	70,057	162,909	13,495	1,866	29,637	—	277,964
Charge for the year	23,044	76,711	4,286	306	14,104	—	118,451
Write-off on disposals	(120)	(7,859)	(1,195)	(120)	—	—	(9,294)
As at December 31, 2025 and January 1, 2026	92,981	231,761	16,586	2,052	43,741	—	387,121
Charge for the year (unaudited)	6,745	22,408	829	58	2,860	—	32,900
Write-off on disposals (unaudited)	—	(3,710)	(17)	—	—	—	(3,727)
At March 31, 2026 (unaudited)	99,726	250,459	17,398	2,110	46,601	—	416,294
Net book value:							
At December 31, 2023	402,716	296,873	14,651	1,069	20,556	121,595	857,460
At December 31, 2024	422,716	538,322	17,390	1,010	22,486	96,762	1,098,686
At December 31, 2025	573,676	617,863	25,961	899	21,352	225,304	1,465,055
At March 31, 2026 (unaudited)	566,931	633,850	27,297	829	19,300	279,235	1,527,442

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The Company:

	Buildings RMB'000	Machinery and equipment RMB'000	Office equipment and others RMB'000	Vehicles RMB'000	Decorations and factory improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At January 1, 2023	157,466	173,651	6,629	935	6,699	—	345,380
Additions	—	7,491	112	297	—	2,708	10,608
Disposals	—	(25,417)	(105)	—	—	—	(25,522)
As at December 31, 2023 and January 1, 2024	157,466	155,725	6,636	1,232	6,699	2,708	330,466
Additions	—	11,331	65	—	—	5,927	17,323
Transfer from construction in progress	—	2,708	—	—	—	(2,708)	—
Disposals	(7)	(19,674)	(7)	—	—	—	(19,688)
As at December 31, 2024 and January 1, 2025	157,459	150,090	6,694	1,232	6,699	5,927	328,101
Additions	—	11,004	91	—	—	3,849	14,944
Transfer from construction in progress	—	5,927	—	—	—	(5,927)	—
Disposals	—	(20,940)	(438)	—	—	—	(21,378)
As at December 31, 2025 and January 1, 2026	157,459	146,081	6,347	1,232	6,699	3,849	321,667
Additions (unaudited)	—	1,237	19	—	—	53	1,309
Transfer from construction in progress (unaudited)	—	718	—	—	—	(718)	—
Disposals (unaudited)	—	(3,060)	—	—	—	—	(3,060)
At March 31, 2026 (unaudited)	157,459	144,976	6,366	1,232	6,699	3,184	319,916
Accumulated depreciation:							
At January 1, 2023	3,741	47,074	2,709	537	211	—	54,272
Charge for the year	4,989	16,413	821	257	2,173	—	24,653
Write-off on disposals	—	(6,761)	(66)	—	—	—	(6,827)
As at December 31, 2023 and January 1, 2024	8,730	56,726	3,464	794	2,384	—	72,098
Charge for the year	4,986	14,583	604	200	2,173	—	22,546
Write-off on disposals	—	(7,525)	(6)	—	—	—	(7,531)
As at December 31, 2024 and January 1, 2025	13,716	63,784	4,062	994	4,557	—	87,113
Charge for the year	4,984	14,495	555	71	2,142	—	22,247
Write-off on disposals	—	(5,894)	(416)	—	—	—	(6,310)
As at December 31, 2025 and January 1, 2026	18,700	72,385	4,201	1,065	6,699	—	103,050
Charge for the period (unaudited)	1,246	3,544	21	18	—	—	4,829
Write-off on disposals (unaudited)	—	(898)	—	—	—	—	(898)
At March 31, 2026 (unaudited)	19,946	75,031	4,222	1,083	6,699	—	106,981
Net book value:							
At December 31, 2023	148,736	98,999	3,172	438	4,315	2,708	258,368
At December 31, 2024	143,743	86,306	2,632	238	2,142	5,927	240,988
At December 31, 2025	138,759	73,696	2,146	167	—	3,849	218,617
At March 31, 2026 (unaudited)	137,513	69,945	2,144	149	—	3,184	212,935

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As at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group was in the process of applying for certificates of ownership for certain properties with carrying value of RMB199,826,000, RMB11,502,000, RMB88,769,000 and RMB10,758,000 (unaudited), respectively.

As at December 31, 2024 and 2025 and March 31, 2026, the Group’s buildings with carrying value of RMB143,743,000, RMB138,759,000 and RMB137,513,000 (unaudited) were used as collaterals for the Group’s long-term secured loans (note 24).

13 RIGHT-OF-USE ASSETS

Reconciliation of carrying amount

The Group:

	Buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Land-use rights <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:				
At January 1, 2023	3,841	182,552	39,826	226,219
Additions	6,509	98,829	14,605	119,943
Derecognition	(3,057)	(61,651)	—	(64,708)
As at December 31, 2023 and January 1, 2024	7,293	219,730	54,431	281,454
Additions	2,898	171,797	15,924	190,619
Derecognition	(1,777)	—	—	(1,777)
As at December 31, 2024 and January 1, 2025	8,414	391,527	70,355	470,296
Additions	—	40,189	211	40,400
Derecognition	(3,385)	—	—	(3,385)
As at December 31, 2025 and March 31, 2026 (unaudited)	5,029	431,716	70,566	507,311
Accumulated depreciation:				
At January 1, 2023	3,172	16,542	7,152	26,866
Charge for the year	1,949	14,531	1,063	17,543
Derecognition	(2,953)	(22,944)	—	(25,897)
As at December 31, 2023 and January 1, 2024	2,168	8,129	8,215	18,512
Charge for the year	3,375	20,375	1,209	24,959
Derecognition	(1,777)	—	—	(1,777)
As at December 31, 2024 and January 1, 2025	3,766	28,504	9,424	41,694
Charge for the year	3,070	19,924	1,452	24,446
Derecognition	(2,931)	—	—	(2,931)
As at December 31, 2025 and January 1, 2026	3,905	48,428	10,876	63,209
Charge for the period (unaudited)	412	4,793	250	5,455
At March 31, 2026 (unaudited)	4,317	53,221	11,126	68,664
Net book value:				
At December 31, 2023	5,125	211,601	46,216	262,942
At December 31, 2024	4,648	363,023	60,931	428,602
At December 31, 2025	1,124	383,288	59,690	444,102
At March 31, 2026 (unaudited)	712	378,495	59,440	438,647

During the year ended December 31, 2023, the Group early terminated the lease for certain nitrogen generation equipment as the capacity of the equipment could not meet the Group’s increasing production demands.

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The Group’s land-use rights on leasehold land are located in the Chinese Mainland. Depreciation is recognised in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are 50 years.

The Group leases nitrogen generation equipment and certain buildings in its normal course of business and lease periods range from 1 to 10 years.

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

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Depreciation charge of right-of-use assets	17,543	24,959	24,446	5,797	5,455
Interest on lease liabilities	10,699	11,898	15,284	2,545	3,272
Expense relating to short-term leases	1,046	1,045	1,571	261	393
Expense relating to low-value leases	412	213	80	53	19

14 INVESTMENT PROPERTY

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the fair value of the Group’s investment property is RMB18,341,000, RMB16,054,000, RMB15,546,000 and RMB15,546,000 (unaudited), respectively. The valuations were carried out by an independent valuer.

15 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Financial assets measured at FVPL				
Wealth management products	53,019	41,433	120,456	110,618

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Financial assets measured at FVPL				
Wealth management products	35,011	10,358	90,322	100,551

The Group invested in certain wealth management products issued by banks. The principal amount and expected returns of these wealth management products are not guaranteed, and the contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Therefore, the wealth management products were classified as financial assets at FVPL.

16 INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Unlisted investments, at cost	447,369	530,603	586,576	607,581

The particulars of the principal subsidiaries of the Group are set out in note 1.

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17 INTERESTS IN AN ASSOCIATE

As at December 31, 2025 and March 31, 2026, the Group’s and the Company’s interests in an associate represented the investments in an unlisted fund, namely Jiaxing Paipu Chunzhiyang Venture Capital Investment Partnership (Limited Partnership) (嘉興湃圃春之陽創業投資合夥企業(有限合夥)) (i), which is not individually material.

The investment in an associate is accounted for using the equity method in the consolidated financial statements and the Company’s separate financial statements.

- (i) The official name of the entity is in Chinese. The English translation of the name is for identification only.

18 INVENTORIES

- (a) Inventories in the statements of financial position comprises:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)
Raw materials	33,746	35,964	41,715	68,970
Work in progress	78,866	67,118	135,804	156,414
Finished goods	100,974	83,678	100,558	90,410
Goods in transit	4,254	4,109	4,160	14,933
	217,840	190,869	282,237	330,727
Less: write-down of inventories	—	—	(1,490)	(1,490)
	217,840	190,869	280,747	329,237

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)
Raw materials	601	740	2,891	3,024
Work in progress	74,103	54,828	82,727	97,428
Finished goods	99,232	70,308	75,659	66,534
Goods in transit	6,483	5,498	6,796	19,601
	180,419	131,374	168,073	186,587

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

The Group:

	Year ended December 31,			Three months ended	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
					(unaudited)
Carrying amount of inventories recognised as cost or expenses	709,043	998,873	1,069,527	246,439	319,793
Write-down of inventories	—	—	1,490	—	—
	709,043	998,873	1,071,017	246,439	319,793

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19 TRADE AND BILLS RECEIVABLE

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Trade receivables	423,964	641,761	684,335	700,138
Bills receivable	230,478	371,751	397,765	332,501
Less: loss allowance	(28,397)	(42,910)	(42,835)	(41,626)
	<u>626,045</u>	<u>970,602</u>	<u>1,039,265</u>	<u>991,013</u>

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Trade receivables				
— due from subsidiaries	117,745	200,946	278,823	371,257
— due from third parties	410,826	618,385	619,457	525,236
Bills receivable	211,247	329,714	315,064	241,777
Less: loss allowance	(27,318)	(41,090)	(39,182)	(32,591)
	<u>712,500</u>	<u>1,107,955</u>	<u>1,174,162</u>	<u>1,105,679</u>

Trade and bills receivable are expected to be recovered within one year.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group’s bills receivable of RMB87,180,000, RMB156,314,000, RMB226,573,000 and RMB214,134,000 (unaudited) and the Company’s bills receivable of RMB76,380,000, RMB126,523,000, RMB155,550,000 and RMB128,735,000 (unaudited), respectively, were managed in a business model whose objective is achieved by both collection and sale, and therefore measured at FVOCI.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the Company’s trade receivables due from subsidiaries of RMB10,000,000, RMB21,000,000, RMB36,000,000 and RMB36,000,000 (unaudited) were pledged to secure its short-term bank loans (note 24).

Ageing analysis

As of the end of each reporting period, the ageing analysis of the trade and bills receivable, based on the recognition date, is as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Within 1 year	654,143	1,011,809	1,079,255	1,029,304
Over 1 year but within 2 years	234	1,641	2,204	2,615
Over 2 years but within 3 years	57	32	581	137
Over 3 years	8	30	60	583
Less: loss allowance	(28,397)	(42,910)	(42,835)	(41,626)
	<u>626,045</u>	<u>970,602</u>	<u>1,039,265</u>	<u>991,013</u>

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The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Within 1 year	696,407	1,033,133	1,059,965	967,490
Over 1 year but within 2 years	26,495	72,738	78,628	170,145
Over 2 years but within 3 years	16,908	26,293	57,262	52
Over 3 years	8	16,881	17,489	583
Less: loss allowance	(27,318)	(41,090)	(39,182)	(32,591)
	<u>712,500</u>	<u>1,107,955</u>	<u>1,174,162</u>	<u>1,105,679</u>

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Current				
Prepayments for raw materials	16,512	10,110	10,514	14,260
Deferred expenses	1,436	2,764	2,738	3,553
Rental and other deposits	4,125	4,507	2,693	1,501
Pledged bank deposits for financing purpose	50,000	—	—	—
VAT recoverable	40,534	42,009	57,106	69,655
Others	399	773	1,056	723
Less: loss allowance	(20)	(39)	(53)	(43)
	<u>112,986</u>	<u>60,124</u>	<u>74,054</u>	<u>89,649</u>
Non-current				
Prepayments for acquisition of long-term assets	<u>128,961</u>	<u>39,415</u>	<u>30,413</u>	<u>55,728</u>

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Current				
Prepayments for raw materials	370	225	304	—
Amounts due from subsidiaries	231,759	151,910	321,612	381,582
Rental and other deposits	178	206	181	181
Pledged bank deposits for financing purpose	50,000	—	—	—
VAT recoverable	10,565	17,156	41,279	47,946
Others	394	761	743	351
Less: loss allowance	(20)	(38)	(37)	(27)
	<u>293,246</u>	<u>170,220</u>	<u>364,082</u>	<u>430,033</u>
Non-current				
Prepayments for acquisition of long-term assets	<u>5,267</u>	<u>4,677</u>	<u>2,523</u>	<u>4,670</u>

Current portion of the prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

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21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Cash at bank and on hand	181,051	144,206	435,033	443,421

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Cash at bank and on hand	152,174	117,516	375,034	350,724

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	(unaudited)
Profit before taxation		290,744	420,420	479,975	87,641	101,372
Adjustments for:						
Depreciation and amortisation		86,419	117,361	143,860	34,276	38,681
Provision for impairment losses		765	14,532	187	(129)	(1,219)
Write-down of inventories		—	—	1,490	—	—
Net losses on disposal of non-current assets		1,541	2,817	3,398	61	1,228
Fair value gains on financial assets measured at FVPL		(2,401)	(1,689)	(3,655)	(467)	(484)
Interest income		(2,084)	(4,335)	(8,691)	(321)	(1,741)
Finance costs		17,625	16,473	19,411	3,797	4,066
Net foreign exchange (losses)/gains		(2,025)	(2,670)	5,039	(160)	6,608
Share of profit of an associate		—	—	(44)	—	(83)
Equity-settled share-based payment transactions	7(b)	22,328	16,359	8,261	3,168	1,531
Changes in working capital:						
(Increase)/decrease in inventories		(73,615)	26,971	(91,368)	9,286	(48,490)
(Increase)/decrease in trade and bills receivable		(239,952)	(402,197)	(149,828)	52,470	21,187
Decrease/(increase) in prepayments, deposits and other receivables		24,421	2,843	(13,944)	(3,279)	(15,585)
Increase/(decrease) in trade and other payables		64,949	(45,404)	(35,790)	(44,270)	(14,356)
Increase/(decrease) in contract liabilities		194	(192)	686	589	783
(Increase)/decrease in deferred income		(580)	1,870	28,154	(33)	12,950
Cash generated from operations		188,329	163,159	387,141	142,629	106,448

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(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 statements as cash flows from financing activities.

	Loans and borrowings	Lease liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(note 24)	(note 25)	
Balance at January 1, 2023	177,663	167,089	344,752
Changes from financing cash flows:			
Repayment of loans and borrowings	(104,994)	—	(104,994)
Proceeds from loans and borrowings	75,478	—	75,478
Interest paid	(4,847)	—	(4,847)
Lease payments	—	(20,075)	(20,075)
Total changes from financing cash flows	(34,363)	(20,075)	(54,438)
Other changes:			
Interest expenses incurred	5,345	10,699	16,044
New leases	—	97,045	97,045
Termination of leases	—	(42,422)	(42,422)
Total other changes	5,345	65,322	70,667
Balance at December 31, 2023	148,645	212,336	360,981
	Loans and borrowings	Lease liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(note 24)	(note 25)	
Balance at January 1, 2024	148,645	212,336	360,981
Changes from financing cash flows:			
Repayment of loans and borrowings	(109,290)	—	(109,290)
Proceeds from loans and borrowings	90,615	—	90,615
Interest paid	(4,083)	—	(4,083)
Lease payments	—	(27,934)	(27,934)
Total changes from financing cash flows	(22,758)	(27,934)	(50,692)
Other changes:			
Interest expenses incurred	4,533	11,898	16,431
New leases	—	174,698	174,698
Settlement of discounted bills	(20,000)	—	(20,000)
Total other changes	(15,467)	186,596	171,129
Balance at December 31, 2024	110,420	370,998	481,418

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	Loans and borrowings <i>RMB’000</i> (note 24)	Lease liabilities <i>RMB’000</i> (note 25)	Total <i>RMB’000</i>
Balance at January 1, 2025	110,420	370,998	481,418
Changes from financing cash flows:			
Repayment of loans and borrowing	(101,175)	—	(101,175)
Proceeds from loans and borrowings	160,666	—	160,666
Interest paid	(2,139)	—	(2,139)
Lease payments	—	(33,857)	(33,857)
Total changes from financing cash flows	57,352	(33,857)	23,495
Other changes:			
Interest expenses incurred	3,521	15,284	18,805
New leases	—	40,189	40,189
Termination of leases	—	(525)	(525)
Total other changes	3,521	54,948	58,469
Balance at December 31, 2025	171,293	392,089	563,382
	Loans and borrowings <i>RMB’000</i> (note 24)	Lease liabilities <i>RMB’000</i> (note 25)	Total <i>RMB’000</i>
(unaudited)			
Balance at January 1, 2026	171,293	392,089	563,382
Changes from financing cash flows:			
Repayment of loans and borrowings	(17,864)	—	(17,864)
Proceeds from loans and borrowings	20,889	—	20,889
Interest paid	(521)	—	(521)
Lease payments	—	(9,091)	(9,091)
Total changes from financing cash flows	2,504	(9,091)	(6,587)
Other changes:			
Interest expenses incurred	631	3,272	3,903
Total other changes	631	3,272	3,903
Balance at March 31, 2026	174,428	386,270	560,698

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	Loans and borrowings <i>RMB'000</i> (note 24)	Lease liabilities <i>RMB'000</i> (note 25)	Total <i>RMB'000</i>
(unaudited)			
Balance at January 1, 2025	110,420	370,998	481,418
Changes from financing cash flows:			
Repayment of loans and borrowings	(13,145)	—	(13,145)
Proceeds from loans and borrowings	10,876	—	10,876
Interest paid	(718)	—	(718)
Lease payments	—	(7,878)	(7,878)
Total changes from financing cash flows	(2,987)	(7,878)	(10,865)
Other changes:			
Interest expenses incurred	936	2,545	3,481
Termination of leases	—	(525)	(525)
Total other changes	936	2,020	2,956
Balance at March 31, 2025	108,369	365,140	473,509

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprises the following, which are related to lease rentals paid:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	(unaudited)
Within operating cash flows	(1,458)	(1,258)	(1,651)	(314)	(412)
Within financing cash flows	(20,075)	(27,934)	(33,857)	(7,878)	(9,091)
	<u>(21,533)</u>	<u>(29,192)</u>	<u>(35,508)</u>	<u>(8,192)</u>	<u>(9,503)</u>

22 TRADE AND OTHER PAYABLES

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)
Trade payables	66,209	76,660	134,186	168,678
Payables for construction and acquisition of long-term assets	64,955	34,300	97,990	88,426
Accrued payroll and benefits	33,141	61,964	37,144	39,381
VAT payable	24,999	34,739	32,162	22,820
Other taxes payables	9,015	4,917	7,395	4,600
Other payables and accruals	1,636	2,124	5,307	5,439
	<u>199,955</u>	<u>214,704</u>	<u>314,184</u>	<u>329,344</u>

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The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Trade payable				
— due to subsidiaries	259,897	270,008	507,616	523,789
— due to third parties	3,845	4,135	4,897	6,749
Bills payable	20,000	—	35,000	35,000
Payables for construction and acquisition of long-term assets	6,764	4,532	4,607	5,121
Accrued payroll and benefits	10,513	15,468	9,091	9,634
VAT payable	9,788	12,718	10,330	2,865
Other taxes payables	7,160	2,737	3,501	2,371
Other payables and accruals				
— due to subsidiaries	5,004	5,004	—	—
— due to third parties	1,122	2,059	1,297	4,623
	<u>324,093</u>	<u>316,661</u>	<u>576,339</u>	<u>590,152</u>

As of the end of each reporting period, the ageing analysis of trade payables based on the recognition date, is as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Within 1 year	64,884	67,742	130,090	163,599
1 to 2 years	873	8,614	3,420	4,534
2 to 3 years	—	153	525	394
More than 3 years	452	151	151	151
	<u>66,209</u>	<u>76,660</u>	<u>134,186</u>	<u>168,678</u>

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Within 1 year	263,322	274,023	510,826	528,690
1 to 2 years	—	—	1,567	1,728
More than 3 years	420	120	120	120
	<u>263,742</u>	<u>274,143</u>	<u>512,513</u>	<u>530,538</u>

23 CONTRACT LIABILITIES

The Group’s contract liabilities represent the receipts in advance from sales contracts. The Group may request new customers of relatively small size to pay a portion of the contract amount as down payments. Majority of the contract liabilities are expected to be transferred to revenue within one year.

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24 LOANS AND BORROWINGS

(a) Loans and borrowings comprised:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Current				
Short-term unsecured and unguaranteed bank loans	25,022	108	—	10,005
Short-term secured and unguaranteed bank loans (i)	10,000	21,000	36,000	36,000
Discounted bills and letters of credit	20,000	—	55,000	55,000
Current portion of long-term secured and guaranteed bank loans (ii)	4,378	9,077	13,786	13,781
	<u>59,400</u>	<u>30,185</u>	<u>104,786</u>	<u>114,786</u>
Non-current				
Long-term secured and guaranteed bank loans (ii)	<u>89,245</u>	<u>80,235</u>	<u>66,507</u>	<u>59,642</u>

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Current				
Short-term unsecured and unguaranteed bank loans	25,022	108	—	10,005
Short-term secured and unguaranteed bank loans (i)	10,000	21,000	36,000	36,000
Discounted bills and letters of credit	—	—	20,000	20,000
Current portion of long-term secured and guaranteed bank loans (ii)	4,378	9,077	13,786	13,781
	<u>39,400</u>	<u>30,185</u>	<u>69,786</u>	<u>79,786</u>
Non-current				
Long-term secured and guaranteed bank loans (ii)	<u>89,245</u>	<u>80,235</u>	<u>66,507</u>	<u>59,642</u>

Notes:

- (i) As at December 31, 2023, 2024, 2025 and March 31, 2026, the Company’s short-term loans of RMB10,000,000, 21,000,000, RMB36,000,000 and RMB36,000,000 (unaudited) were secured by the trade receivables due from subsidiaries (note 19).
- (ii) As at December 31, 2023, 2024 and 2025 and March 31, 2026, the long-term loans of RMB93,623,000, RMB89,312,000, RMB80,293,000 and RMB73,423,000 (unaudited) respectively were guaranteed by the subsidiaries.

As at December 31, 2024 and 2025 and March 31, 2026, the long-term loans of RMB89,312,000, RMB80,293,000 and RMB73,423,000 (unaudited) respectively were secured by the buildings held by the Company.

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

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year or on demand	59,400	30,185	104,786	114,786
After 1 year but within 2 years	9,009	13,729	13,729	13,729
After 2 years but within 5 years	41,186	41,186	43,550	36,685
Over 5 years	39,050	25,320	9,228	9,228
	89,245	80,235	66,507	59,642
	148,645	110,420	171,293	174,428

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year or on demand	39,400	30,185	69,786	79,786
After 1 year but within 2 years	9,009	13,729	13,729	13,729
After 2 years but within 5 years	41,186	41,186	43,550	36,685
Over 5 years	39,050	25,320	9,228	9,228
	89,245	80,235	66,507	59,642
	128,645	110,420	136,293	139,428

25 LEASE LIABILITIES

As at the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	11,970	23,682	17,581	14,660
After 1 year but within 2 years	10,104	16,994	17,690	17,676
After 2 years but within 5 years	28,185	49,454	56,660	57,202
Over 5 years	162,077	280,868	300,158	296,732
	200,366	347,316	374,508	371,610
	212,336	370,998	392,089	386,270

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26 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

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

The Group:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period	(4,208)	3,586	(3,087)	(2,693)
Provision for current year/period (note 8(a))	36,861	48,396	48,791	14,032
Income tax paid	(29,067)	(55,069)	(48,397)	(13,124)
At the end of the year/period	<u>3,586</u>	<u>(3,087)</u>	<u>(2,693)</u>	<u>(1,785)</u>
Reconciliation to the statement of financial position				
Current tax assets	(2,512)	(5,308)	(7,138)	(9,216)
Current taxation	<u>6,098</u>	<u>2,221</u>	<u>4,445</u>	<u>7,431</u>
	<u>3,586</u>	<u>(3,087)</u>	<u>(2,693)</u>	<u>(1,785)</u>

The Company:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period	(8,314)	4,119	(4,387)	(5,580)
Provision for current year/period	22,227	30,965	7,799	—
Income tax paid	(9,794)	(39,471)	(8,992)	(1,919)
At the end of the year/period	<u>4,119</u>	<u>(4,387)</u>	<u>(5,580)</u>	<u>(7,499)</u>
Reconciliation to the statement of financial position				
Current tax assets	—	(4,387)	(5,580)	(7,499)
Current taxation	<u>4,119</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>4,119</u>	<u>(4,387)</u>	<u>(5,580)</u>	<u>(7,499)</u>

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(b) Deferred tax assets and liabilities recognised:

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

The components of deferred tax assets and liabilities recognised in the statements of financial position and the movements during the year/period are as follows:

The Group:

	Right-of-use assets <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Loss allowance and provision <i>RMB'000</i>	Share-based payments and accrued benefits <i>RMB'000</i>	Unrealised profits <i>RMB'000</i>	Tax losses, deferred income and others <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at January 1, 2023	(25,063)	25,002	4,203	16,226	3,731	(5,307)	18,792
(Credited)/charged to profit or loss	(7,821)	7,224	61	(5,032)	2,858	4,423	1,713
Charged directly to equity	—	—	—	4,396	—	—	4,396
Balance at December 31, 2023 and January 1, 2024	(32,884)	32,226	4,264	15,590	6,589	(884)	24,901
(Credited)/charged to profit or loss	(22,567)	23,716	2,178	(6,710)	(1,660)	6,797	1,754
Charged directly to equity	—	—	—	8,706	—	—	8,706
Balance at December 31, 2024 and January 1, 2025	(55,451)	55,942	6,442	17,586	4,929	5,913	35,361
(Credited)/charged to profit or loss	(2,283)	2,920	437	(9,704)	1,721	1,849	(5,060)
Charged directly to equity	—	—	—	6,355	—	—	6,355
Balance at December 31, 2025 and January 1, 2026	(57,734)	58,862	6,879	14,237	6,650	7,762	36,656
Charged to profit or loss (unaudited)	—	—	—	—	1,179	—	1,179
Balance at March 31, 2026 (unaudited)	<u>(57,734)</u>	<u>58,862</u>	<u>6,879</u>	<u>14,237</u>	<u>7,829</u>	<u>7,762</u>	<u>37,835</u>

The Company:

	Loss allowance and provision <i>RMB'000</i>	Share-based payments and accrued benefits <i>RMB'000</i>	Deferred income, leases and others <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at January 1, 2023	4,040	6,547	(3,851)	6,736
Charged/(credited) to profit or loss	58	(2,869)	1,442	(1,369)
Credited directly to equity	—	1,534	—	1,534
Balance at December 31, 2023 and January 1, 2024	4,098	5,212	(2,409)	6,901
Charged/(credited) to profit or loss	2,072	(2,732)	627	(33)
Credited directly to equity	—	2,746	—	2,746
Balance at December 31, 2024 and January 1, 2025	6,170	5,226	(1,782)	9,614
(Credited)/charged to profit or loss	(286)	(2,601)	386	(2,501)
Charged directly to equity	—	2,056	—	2,056
Balance at December 31, 2025 and March 31, 2026 (unaudited)	<u>5,884</u>	<u>4,681</u>	<u>(1,396)</u>	<u>9,169</u>

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(ii) Reconciliation to the statements of financial position

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Net deferred tax assets recognised in the consolidated statements of financial position	61,460	93,968	36,656	37,835
Net deferred tax liabilities recognised in the consolidated statements of financial position	(36,559)	(58,607)	—	—
	<u>24,901</u>	<u>35,361</u>	<u>36,656</u>	<u>37,835</u>

(iii) Deferred tax assets not recognised

Deferred tax assets were not recognised on certain unused tax losses and deductible temporary differences in accordance with the accounting policy set out in note 2(r).

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the tax losses and deductible temporary differences unrecognized as deferred tax assets amounted to RMB1,611,000 RMB2,335,000 RMB5,534,000 and RMB5,534,000 (unaudited), respectively.

27 DEFERRED INCOME

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period	903	323	2,193	30,347
Additions	140	2,000	29,651	13,779
Credited to profit or loss	(720)	(130)	(1,497)	(829)
At the end of the year/period	<u>323</u>	<u>2,193</u>	<u>30,347</u>	<u>43,297</u>

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
At the beginning of the year/period	483	323	2,193	1,166
Additions	—	2,000	—	1,500
Credited to profit or loss	(160)	(130)	(1,027)	(27)
At the end of the year/period	<u>323</u>	<u>2,193</u>	<u>1,166</u>	<u>2,639</u>

Deferred income represented grants received from governments mainly for construction of property, plant and equipment. Government grants relating to compensation of assets are recognised as other income on a straight-line basis over the expected useful life of the relevant assets.

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28 EQUITY SETTLED SHARE-BASE PAYMENTS

The Company has adopted several share-based incentive schemes, and the participants of these schemes include the Company’s directors, senior management personnel, core management and technical personnel. The share-based payment expenses recognised in consolidated statement of profit or loss are as follows:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	(unaudited)
Restricted shares	16,334	10,154	4,810	1,909	889
Share options	5,994	6,205	3,451	1,259	642
	<u>22,328</u>	<u>16,359</u>	<u>8,261</u>	<u>3,168</u>	<u>1,531</u>

On March 5, 2021, the Company’s Board of Directors approved the adoption of the restricted share incentive scheme. On the same day, 1,052,100 type II restricted shares were granted to 187 eligible participants at the price of RMB37.02 per share. The shares involved in this scheme are the ordinary A shares to be issued by the Company to the eligible participants. Type II restricted share is a hybrid equity instrument that combines features of both restricted shares and share options, participants are only required to pay the pre-determined grant price to purchase the shares on the vesting date.

On April 17, 2023, the Company’s Board of Directors approved the adoption of the restricted share and share option incentive scheme. On the same day, 593,000 type II restricted shares were granted to 233 eligible participants at the price of RMB45.70 per share, and 1,387,000 units of share options were granted to 222 eligible participants at the exercise price of RMB90.49 per unit. The shares involved in this scheme are the ordinary A shares to be issued by the Company to the eligible participants.

Subject to satisfaction of vesting conditions, 30%, 30% and 40% of the type II restricted shares and options shall be vested/exercised after corresponding vesting periods of 12 months, 24 months and 36 months from the grant date. The contractual life of these shares and options is vesting period plus 12 months. Upon the satisfaction of the vesting conditions, which include both the Company’s performance targets and individual performance assessments, the participants may purchase the shares or exercise the options at the grant price/exercise price within the applicable vesting periods. If the vesting conditions are not met, the corresponding shares and options will be forfeited.

In accordance with these scheme terms, the number of the type II restricted shares and options granted as well as the grant price and exercise price will be adjusted for the effect of changes in the number of shares issued, if any, including capitalisation of capital reserve, distribution of stock dividends and stock splits etc. The grant price and exercise price will also be adjusted for the effect of distribution of cash dividend, if any.

(a) The number and weighted average exercise prices of share options

	For the Year ended December 31,						Three months ended March 31,	
	2023		2024		2025		2026	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB		RMB		RMB		RMB	
							(unaudited)	(unaudited)
Outstanding at the beginning of the year/period	—	—	50.17	2,453,760	35.70	2,663,625	35.50	1,389,494
Granted during the year/period	90.49	1,387,000	—	—	—	—	—	—
Adjusted during the year/period (i)	50.17	1,109,600	35.70	981,504	35.50	—	—	—
Exercised during the year/period	—	—	35.70	(709,647)	35.55	(1,244,673)	35.50	(57,018)
Forfeited during the year/period	50.17	(42,840)	35.70	(61,992)	35.50	(29,458)	35.50	(2,520)
Outstanding at the end of the year/period	<u>50.17</u>	<u>2,453,760</u>	<u>35.70</u>	<u>2,663,625</u>	<u>35.50</u>	<u>1,389,494</u>	<u>35.50</u>	<u>1,329,956</u>
Exercisable at the end of the year/period	<u>—</u>	<u>—</u>	<u>35.70</u>	<u>302,335</u>	<u>35.50</u>	<u>57,018</u>	<u>—</u>	<u>—</u>

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Notes:

- (i) The number of options was adjusted in the years ended December 31, 2023 and 2024 for the effect of the capitalisation issue during the relevant years, and the exercise price was also adjusted in the years ended December 31, 2023, 2024 and 2025 for the effect of the capitalisation issue and distribution of cash dividend during the relevant years.
- (ii) The share options outstanding as at December 31, 2023, 2024 and 2025 and March 31, 2026 had a weighted average remaining contractual life of 3.30 years, 2.29 years, 1.29 years and 1.05 years (unaudited), respectively.
- (iii) The weighted average share prices at the date of exercise for share options exercised during the years ended December 31, 2024 and 2025 and the three months ended March 31, 2026 are RMB44.94, RMB58.65 and RMB77.88 (unaudited) respectively.

(b) The number and weighted average grant price of restricted shares

	For the Year ended December 31,						Unaudited As at March 31,	
	2023		2024		2025		2026	
	Weighted average grant price	Number of restricted shares	Weighted average grant price	Number of restricted shares	Weighted average grant price	Number of restricted shares	Weighted average grant price	Number of restricted shares
	RMB		RMB		RMB		RMB	
							(unaudited)	(unaudited)
Outstanding at the beginning of the year/period	20.42	1,402,794	17.21	2,509,535	17.12	1,087,804	17.92	561,556
Granted during the year/period	45.70	593,000	—	—	—	—	—	—
Adjusted during the year/period (i)	17.22	1,113,357	16.95	472,484	16.46	—	—	—
Vested during the year/period	20.09	(599,616)	12.84	(1,792,119)	16.64	(482,858)	—	—
Forfeited during the year	—	—	15.46	(102,096)	12.09	(43,390)	17.92	(11,572)
Outstanding at the end of the year/period	17.21	2,509,535	17.12	1,087,804	17.92	561,556	17.92	549,984

Notes:

- (i) The number of type II restricted shares was adjusted in the years ended December 31, 2023 and 2024 for the effect of the capitalisation issue during the relevant years, and the grant price was also adjusted in the years ended December 31, 2023, 2024 and 2025 for the effect of the capitalisation issue and distribution of cash dividend during the relevant years.
- (ii) The restricted shares outstanding as at December 31, 2023, 2024 and 2025 and March 31, 2026 had a weighted average remaining contractual life of 3.30 years, 2.29 years, 1.29 years and 1.05 years (unaudited), respectively.

(c) Fair value of granted restricted shares and share options and assumptions

The fair value of services received in return for type II restricted shares and share options granted is measured by reference to the fair value of the restricted shares and share options granted. The estimate of the fair value of the restricted shares and share options granted is measured using the Black-Scholes option pricing model. The particulars of the restricted shares and share options and significant inputs into the model are as follow:

	Fair value of granted shares and options and assumptions		
	Restricted shares granted before the Relevant Periods	Restricted shares granted on April 17, 2023	Share options granted on April 17, 2023
Fair value at grant date (RMB per option)	29.22–83.69	48.23–56.48	22.68–38.40
Grant/exercise price at grant date (RMB per option)	37.02	45.70	90.49
Share/option life (years)	1–4 years	1–4 years	1–4 years
Expected time to vest (years)	1–3 years	1–3 years	1–3 years
Expected dividends	0.00%	0.00%	0.00%
Expected volatility	48%–61%	54%–58%	54%–58%
Risk-free rate	2.30%–2.95%	2.27%–2.53%	2.27%–2.53%

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29 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 statements of changes in equity. Details of the changes in the Company’s individual components of equity are set out below:

	Share capital <i>RMB’000</i> (note 29(c))	Share premium <i>RMB’000</i> (note 29(d))	Statutory reserve <i>RMB’000</i> (note 29(d))	Other reserves <i>RMB’000</i> (note 29(d))	Retained profits <i>RMB’000</i>	Total equity <i>RMB’000</i>
Balance at January 1, 2023	109,860	817,600	48,610	31,533	450,154	1,457,757
Changes in equity for 2023:						
Profit and total comprehensive income for the year	—	—	—	—	162,500	162,500
Shares issued under share-based employee incentive plans	600	21,371	—	(9,923)	—	12,048
Capitalisation issue	88,350	(88,350)	—	—	—	—
Share-based payment transactions	—	—	—	22,328	—	22,328
Deferred tax arising from share-based payment transactions	—	—	—	1,534	—	1,534
Appropriation to statutory reserve	—	—	16,250	—	(16,250)	—
Dividends declared	—	—	—	—	(22,088)	(22,088)
Balance at December 31, 2023 and January 1, 2024	198,810	750,621	64,860	45,472	574,316	1,634,079
Changes in equity for 2024:						
Profit and total comprehensive income for the year	—	—	—	—	236,854	236,854
Shares issued under share-based employee incentive plans	2,502	70,050	—	(24,208)	—	48,344
Capitalisation issue	80,070	(80,070)	—	—	—	—
Share-based payment transactions	—	—	—	16,359	—	16,359
Deferred tax arising from share-based payment transactions	—	—	—	2,746	—	2,746
Appropriation to statutory reserve	—	—	23,685	—	(23,685)	—
Dividends declared	—	—	—	—	(40,035)	(40,035)
Balance at December 31, 2024 and January 1, 2025	281,382	740,601	88,545	40,369	747,450	1,898,347
Changes in equity for 2025:						
Profit and total comprehensive income for the year	—	—	—	—	114,482	114,482
Private placement of shares to specific investors	6,722	287,531	—	—	—	294,253
Shares issued under share-based employee incentive plans	1,727	64,934	—	(14,382)	—	52,279
Appropriation to statutory reserve	—	—	11,448	—	(11,448)	—
Share-based payment transactions	—	—	—	8,261	—	8,261
Deferred tax arising from share-based payment transactions	—	—	—	2,056	—	2,056
Dividends declared	—	—	—	—	(57,778)	(57,778)
Balance at December 31, 2025	<u>289,831</u>	<u>1,093,066</u>	<u>99,993</u>	<u>36,304</u>	<u>792,706</u>	<u>2,311,900</u>

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	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total equity <i>RMB'000</i>
(Unaudited)						
Balance at January 1, 2026	289,831	1,093,066	99,993	36,304	792,706	2,311,900
Changes in equity for the three months ended March 31, 2026						
Profit and total comprehensive income for the period	—	—	—	—	(372)	(372)
Shares issued under share-based employee incentive plans	57	2,249	—	(282)	—	2,024
Share-based payment transactions	—	—	—	1,531	—	1,531
Balance at March 31, 2026	<u>289,888</u>	<u>1,095,315</u>	<u>99,993</u>	<u>37,553</u>	<u>792,334</u>	<u>2,315,083</u>
(Unaudited)						
Balance at January 1, 2025	281,382	740,601	88,545	40,369	747,450	1,898,347
Changes in equity for the three months ended March 31, 2025						
Profit and total comprehensive income for the period	—	—	—	—	26,403	26,403
Private placement of shares to specific investors	6,722	287,531	—	—	—	294,253
Shares issued under share-based employee incentive plans	302	11,923	—	(1,432)	—	10,793
Share-based payment transactions	—	—	—	3,168	—	3,168
Balance at March 31, 2025	<u>288,406</u>	<u>1,040,055</u>	<u>88,545</u>	<u>42,105</u>	<u>773,853</u>	<u>2,232,964</u>
(b) Dividends						
	Year ended December 31,			Three months ended		
	2023	2024	2025	2025	2026	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Ordinary A shares						
Final dividends declared and paid during the year/period (tax inclusive)	<u>22,088</u>	<u>40,035</u>	<u>57,778</u>	<u>—</u>	<u>—</u>	

During the years ended December 31 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, final dividends of RMB0.20, RMB0.20, RMB0.20, nil (unaudited) and nil (unaudited) per share (tax inclusive) in respective of the previous year were declared and paid respectively.

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(c) Share capital

	Number of shares ('000)	RMB'000
Ordinary shares, issued and fully paid:		
At January 1, 2023	109,860	109,860
Shares issued under share-based employee incentive plans	600	600
Capitalisation issue (i)	88,350	88,350
At December 31, 2023 and January 1, 2024	198,810	198,810
Shares issued under share-based employee incentive plans	2,502	2,502
Capitalisation issue (ii)	80,070	80,070
At December 31, 2024 and January 1, 2025	281,382	281,382
Private placement of shares to specific investors (iii)	6,722	6,722
Shares issued under share-based employee incentive plans	1,727	1,727
At December 31, 2025 and January 1, 2026	289,831	289,831
Shares issued under share-based employee incentive plans	57	57
At March 31, 2026 (unaudited)	289,888	289,888

Notes:

- (i) On June 16, 2023, the Company distributed stock dividend of 8 ordinary shares for every 10 ordinary shares, and total 88,350,000 shares were issued.
- (ii) On June 12, 2024, the Company distributed stock dividend of 4 ordinary shares for every 10 ordinary shares, and 80,070,000 shares were issued.
- (iii) On February 12, 2025, the Company issued 6,722,000 shares to specific investors at a net consideration totalling RMB294,253,000. The share capital was increased by RMB6,722,000 and the remaining amount of RMB287,531,000 was recorded as share premium.

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of RMB1 of the shares issued and consideration paid-up.

(ii) Statutory reserve

According to the PRC laws, the Company and its PRC subsidiaries are required to set up statutory reserve fund. Statutory reserve fund was set up by appropriating at least 10% of the entity’s annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity’s registered capital. This fund can be used to make up previous years’ losses or to convert into paid-in capital.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(iv) Other reserves

The other reserves comprises:

- the difference between the consideration transferred and the carrying value of non-controlling interests acquired; and
- the amount of estimated future tax deduction that exceeds the amount of the related cumulative share-based payment expense.
- portion of the grant date fair value of unexercised share options and restricted shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

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(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.

30 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and foreign 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 and bills receivable. The Group’s exposure to credit risk arising from cash and cash equivalents and restricted bank deposits are limited because the counterparties are banks with sound credit ratings, for which the Group considers having low credit risk.

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

Trade and bills receivable

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2023, 2024, 2025 and March 31, 2026, 19.9%, 15.4%, 15.6% and 17.0% (unaudited) of the total trade receivables was due from the Group’s largest customer respectively, and 47.7%, 52.1%, 49.8% and 49.3% (unaudited) of the total trade receivables was due from the Group’s the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Expected loss rates are determined based on actual loss experience. 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.

The loss rates remained constant for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 because the Group considers that there has been no significant change in the Group’s customer base, the historical loss experience or the ageing pattern of these receivables.

The expected credit loss was determined as follows for trade and bills receivable:

As at December 31, 2023			
	Expected loss rates	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Trade receivables			
On a collective basis:			
Within 1 year	5%	423,665	21,184
Over 1 year but within 2 years	10%	234	23
Over 2 years but within 3 years	30%	57	17
Over 3 years	100%	8	8
		<u>423,964</u>	<u>21,232</u>
Bills receivable			
Bank acceptance:	0%	87,180	—
Commercial acceptance:			
Within 1 year	5%	143,298	7,165
		<u>230,478</u>	<u>7,165</u>
		<u>654,442</u>	<u>28,397</u>

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As at December 31, 2024			
	Expected loss rates	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Trade receivables			
On a collective basis:			
Within 1 year	5%	640,058	32,002
Over 1 year but within 2 years	10%	1,641	164
Over 2 years but within 3 years	30%	32	10
Over 3 years	100%	30	30
		641,761	32,206
Bills receivable			
Bank acceptance:	0%	156,314	—
Commercial acceptance:			
Within 1 year	5%	215,437	10,704
		371,751	10,704
		1,013,512	42,910
As at December 31, 2025			
	Expected loss rates	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Trade receivables			
On a collective basis:			
Within 1 year	5%	681,490	34,075
Over 1 year but within 2 years	10%	2,204	220
Over 2 years but within 3 years	30%	581	174
Over 3 years	100%	60	60
		684,335	34,529
Bills receivable			
Bank acceptance:	0%	226,573	—
Commercial acceptance:			
Within 1 year	5%	171,192	8,306
		397,765	8,306
		1,082,100	42,835
As at March 31, 2026			
	Expected loss rates	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
(unaudited)			
Trade receivables			
On a collective basis:			
Within 1 year	5%	696,803	34,839
Over 1 year but within 2 years	10%	2,615	262
Over 2 years but within 3 years	30%	137	41
Over 3 years	100%	583	583
		700,138	35,725
Bills receivable			
Bank acceptance:	0%	214,134	—
Commercial acceptance:			
Within 1 year	5%	118,367	5,901
		332,501	5,901
		1,032,639	41,626

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Movement in the loss allowance account in respect of trade and bills receivable during the December 31 2023, 2024 and 2025 and three months ended March 31, 2025 and 2026 is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
At beginning of the year/period	27,592	28,397	42,910	42,835
Loss allowance recognised/(reversed)	805	14,513	(75)	(1,209)
At the end of the year/period	28,397	42,910	42,835	41,626

Other receivables

The directors of the Company consider the Group’s exposure to credit risk arising from other receivables is not significant as the balances of other receivables are mainly pledged deposits and other miscellaneous operating receivables and no significant actual losses were experienced historically by the Group.

(b) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

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

	As at December 31, 2023				
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	Over 5 years	Total contractual undiscounted cash flow
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payable	66,209	—	—	—	66,209
Other payables	66,591	—	—	—	66,591
Loans and borrowings	62,249	11,762	46,921	40,757	161,689
Lease liabilities	20,788	20,731	54,512	221,369	317,400
	215,837	32,493	101,433	262,126	611,889
	493,781				
	As at December 31, 2024				
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	Over 5 years	Total contractual undiscounted cash flow
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payable	76,660	—	—	—	76,660
Other payables	36,424	—	—	—	36,424
Loans and borrowings	32,870	16,079	45,602	25,998	120,549
Lease liabilities	44,157	29,904	87,323	352,824	514,208
	190,111	45,983	132,925	378,822	747,841
	594,502				

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	As at December 31, 2025					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payable	134,186	—	—	—	134,186	134,186
Other payables	103,297	—	—	—	103,297	103,297
Loans and borrowings	107,079	15,639	44,277	11,684	178,679	171,293
Lease liabilities	33,572	32,485	96,871	384,628	547,556	392,089
	<u>378,134</u>	<u>48,124</u>	<u>141,148</u>	<u>396,312</u>	<u>963,718</u>	<u>800,865</u>
	As at March 31, 2026					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited) Trade payable	168,678	—	—	—	168,678	168,678
Other payables	93,865	—	—	—	93,865	93,865
Loans and borrowings	116,970	15,535	48,675	—	181,180	174,428
Lease liabilities	32,984	32,440	96,840	376,572	538,836	386,270
	<u>412,497</u>	<u>47,975</u>	<u>145,515</u>	<u>376,572</u>	<u>982,559</u>	<u>823,241</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from bank loans. Bank loans issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The directors of the Company consider that the exposure to interest rate risk is insignificant because the current market interest rates are relatively low and stable.

The following table, as reported to the management of the Group, details the interest risk profile of the Group’s bank loans at the end of the reporting periods.

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025		As at March 31, 2026	
	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000
							(unaudited)	(unaudited)
Fixed rate instruments:								
Short-term bank loans	2.55%–3.05%	35,022	2.54%–2.6%	21,108	2.2%–2.4%	36,000	2.2%–2.4%	46,005
Variable rate instruments:								
Long-term bank loans	3.06%	93,623	2.46%	89,312	2.36%	80,293	2.36%	73,423

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(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through export sales which give rise to cash balances and receivables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars (“USD”) and Euros (“EUR”). The Group manages this risk as follows:

(i) Exposure to currency risk

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

	As at December 31, 2023	
	USD	EUR
	RMB’000	RMB’000
Financial assets		
Cash and cash equivalents	39,611	—
Trade receivables	32,025	6
	<u>71,636</u>	<u>6</u>
	As at December 31, 2024	
	USD	EUR
	RMB’000	RMB’000
Financial assets		
Cash and cash equivalents	40,943	2,204
Trade receivables	66,278	3,564
	<u>107,221</u>	<u>5,768</u>
Financial liabilities		
Trade payables	—	72
	<u>—</u>	<u>72</u>
	As at December 31, 2025	
	USD	EUR
	RMB’000	RMB’000
Financial assets		
Cash and cash equivalents	230,423	22,279
Trade receivables	103,671	2,531
	<u>334,094</u>	<u>24,810</u>
	As at March 31, 2026	
	USD	EUR
	RMB’000	RMB’000
(unaudited) Financial assets		
Cash and cash equivalents	223,672	23,626
Trade receivables	71,878	245
	<u>295,550</u>	<u>23,871</u>

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(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group’s profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025		As at March 31, 2026	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits <i>RMB’000</i>	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits <i>RMB’000</i>	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits <i>RMB’000</i>	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits <i>RMB’000</i> (unaudited)
USD	5% (5%)	3,038 (3,038)	5% (5%)	4,557 (4,557)	5% (5%)	14,187 (14,187)	5% (5%)	12,561 (12,561)
EUR	5% (5%)	— —	5% (5%)	245 (245)	5% (5%)	1,054 (1,054)	5% (5%)	1,015 (1,015)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2026.

(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.

Analysis on fair value measurement of financial instruments as at December 31, 2023, 2024 and 2025 and March 31, 2026 are as follows:

	Fair value at December 31, 2023 <i>RMB’000</i>	Fair value measurements at December 31, 2023 categorised into	
		Level 2 <i>RMB’000</i>	Level 3 <i>RMB’000</i>
Recurring fair value measurements			
<i>Financial assets:</i>			
Bills receivable at FVOCI	87,180	—	87,180
Wealth management products at FVPL	53,019	53,019	—
	<u>140,199</u>	<u>53,019</u>	<u>87,180</u>

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	Fair value at December 31, 2024 RMB'000	Fair value measurements at December 31, 2024 categorised into	
		Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement			
<i>Financial assets:</i>			
Bills receivable at FVOCI	156,314	—	156,314
Wealth management products at FVPL	41,433	41,433	—
	<u>197,747</u>	<u>41,433</u>	<u>156,314</u>
	Fair value at December 31, 2025 RMB'000	Fair value measurements at December 31, 2025 categorised into	
		Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement			
<i>Financial assets:</i>			
Bills receivable at FVOCI	226,573	—	226,573
Wealth management products at FVPL	120,456	120,456	—
	<u>347,029</u>	<u>120,456</u>	<u>226,573</u>
	Fair value at March 31, 2026 RMB'000	Fair value measurements at March 31, 2026 categorised into	
		Level 2 RMB'000	Level 3 RMB'000
(unaudited) Recurring fair value measurement			
<i>Financial assets:</i>			
Bills receivable at FVOCI	214,134	—	214,134
Wealth management products at FVPL	110,618	110,618	—
	<u>324,752</u>	<u>110,618</u>	<u>214,134</u>

During the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, 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.

Information about Level 3 fair value measurements

The fair values of bills receivable measured at FVOCI are calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar credit risk and remaining maturities. The significant unobservable input is the expected discount rate.

(ii) Fair value of financial assets and liabilities carried at amortised cost

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at December 31, 2023, 2024 and 2025 and March 31, 2026.

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31 COMMITMENTS

Capital commitments outstanding at the end of the reporting periods not provided for in the consolidated financial statements were as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Contracted for purchase for property, plant and equipment	46,436	97,234	86,133	71,409
Investments	—	—	48,000	48,000
	<u>46,436</u>	<u>97,234</u>	<u>134,133</u>	<u>119,409</u>

32 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 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	3,113	3,161	2,699	665	626
Discretionary bonuses	2,943	3,035	1,344	—	—
Retirement scheme contributions	287	315	321	80	60
Share-based payments	<u>302</u>	<u>297</u>	<u>145</u>	<u>55</u>	<u>27</u>
	<u>6,645</u>	<u>6,808</u>	<u>4,509</u>	<u>800</u>	<u>713</u>

Total remuneration is included in “staff costs” (see note 7(b)).

(b) Name and relationship with related party

The Group entered into material transaction with following related party:

Name of related party	Relationship with the Group
Huizhou Xingan Tiancheng Venture Capital Partnership (Limited Partnership) (惠州新感天成創業投資合夥企業(有限合伙))(i)	An enterprise controlled by a director of the Company

(i) The official name of the above entity is in Chinese. The English translation of the name is for identification only.

(c) Transaction with related party

Acquisition of equity interests

In January 2026, the Company acquired 20% equity interest in its subsidiary Huizhou POCO New Inductor Technology Co., Ltd. from Huizhou Xingan Tiancheng Venture Capital Partnership (Limited Partnership) at a cash consideration of RMB20,000,000, which is determined with reference to the investment cost.

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33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2026

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2026 and which have not been adopted in the Historical Financial Information.

	<u>Effective for accounting periods beginning on or after</u>
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
IFRS 20, <i>Regulatory assets and regulatory liabilities</i>	January 1, 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is 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 Historical Financial Information 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 consolidated statements of profit or loss and other comprehensive income, 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.

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.

34 SIGNIFICANT NON-ADJUSTING EVENTS

- (a) On May 15, 2026, the Company declared a dividend of RMB2 for every 10 ordinary shares, totalling RMB57,978,000, and the dividends were paid on May 27, 2026.
- (b) On May 27, 2026, the Company distributed stock dividend of 4 ordinary shares for every 10 ordinary shares, and total 115,955,000 shares were issued.
- (c) On April 21, 2026, the Company’s Board of Directors approved the adoption of the restricted share incentive scheme. On May 15, 2026, 5,880,136 type II restricted shares were granted to 393 eligible participants at the price of RMB43.72 per share. The shares involved in this scheme are the ordinary A shares to be issued by the Company to the eligible participants.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to [March 31, 2026].