
APPENDIX I

ACCOUNTANTS’ REPORT

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JINAN JANBON METALLIC MATERIALS CO., LTD. (FORMER NAME: SHANDONG JANBON ADVANCED ELECTRONIC MATERIALS CO., LTD.) AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Jinan Janbon Metallic Materials Co., Ltd. (former name: Shandong Janbon Advanced Electronic Materials Co., Ltd.) (the “Company”) and its subsidiary (together, the “Group”) set out on pages I-[3] to I-[50], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025 and 31 May 2026 and the statements of financial position of the Company as at 31 December 2025 and 31 May 2026 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-[50] 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 the shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

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Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group as at 31 December 2023, 2024 and 2025 and 31 May 2026 and the financial position of the Company as at 31 December 2025 and 31 May 2026, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative 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 inquiries, 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 Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[•]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	2,781,686	3,949,620	5,066,505	1,409,221	4,050,486
Cost of sales		(2,674,440)	(3,818,822)	(4,830,511)	(1,369,955)	(3,969,722)
Gross profit		107,246	130,798	235,994	39,266	80,764
Other income	5	2,705	11,381	23,917	4,187	9,397
Selling and marketing expenses		(763)	(755)	(1,153)	(411)	(432)
Administrative expenses		(7,640)	(14,636)	(24,352)	(7,724)	(6,562)
Research and development expenses		(24,754)	(26,457)	(27,839)	(8,763)	(17,582)
(Impairment losses)/reversal of impairment losses on financial assets, net		(649)	651	—	—	—
Other expenses		(4,416)	(4,545)	(7,251)	(4,051)	(2,088)
Finance costs	7	(5,006)	(6,571)	(3,613)	(1,026)	(1,411)
PROFIT BEFORE TAX	6	66,723	89,866	195,703	21,478	62,086
Income tax expense	10	(6,833)	(10,784)	(27,180)	(2,353)	(6,373)
PROFIT FOR THE YEAR/PERIOD		<u>59,890</u>	<u>79,082</u>	<u>168,523</u>	<u>19,125</u>	<u>55,713</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>59,890</u>	<u>79,082</u>	<u>168,523</u>	<u>19,125</u>	<u>55,713</u>
Attributable to: Owners of the parent		<u>59,890</u>	<u>79,082</u>	<u>168,523</u>	<u>19,125</u>	<u>55,713</u>
Total comprehensive income attributable to: Owners of the parent		<u>59,890</u>	<u>79,082</u>	<u>168,523</u>	<u>19,125</u>	<u>55,713</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	12	N/A	N/A	N/A	N/A	N/A

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
		2023	2024	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	36,084	37,820	41,325	38,937
Right-of-use assets	14	31,018	30,150	29,282	28,920
Intangible assets	15	136	75	85	58
Prepayments, other receivables and other assets	20	467	4,147	267	403
Deferred tax assets	16	9,597	—	—	—
Total non-current assets		77,302	72,192	70,959	68,318
CURRENT ASSETS					
Inventories	18	73,007	121,485	126,497	228,605
Trade and bills receivables	19	94,092	175,421	44,647	79,764
Prepayments, other receivables and other assets	20	505	2,121	3,806	4,887
Tax recoverable		—	288	—	7,430
Cash and cash equivalents	21	10,799	29,447	190,380	178,492
Pledged deposits	21	—	26,977	86,640	126,940
Total current assets		178,403	355,739	451,970	626,118
CURRENT LIABILITIES					
Trade and bills payables	22	391	57,753	186,799	325,337
Other payables and accruals	23	9,151	17,942	31,606	15,939
Interest-bearing bank borrowings	24	151,716	206,260	5,650	—
Tax payable		—	—	17,999	—
Total current liabilities		161,258	281,955	242,054	341,276
NET CURRENT (LIABILITIES)/ASSETS		17,145	73,784	209,916	284,842
TOTAL ASSETS LESS CURRENT LIABILITIES		94,447	145,976	280,875	353,160
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	24	—	—	106,220	—
Total non-current liabilities		—	—	106,220	—
Net assets		94,447	145,976	174,655	353,160
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital	25	—	—	—	121,773
Reserves	27	94,447	145,976	174,655	231,387
Total equity		94,447	145,976	174,655	353,160

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				(Accumulated losses)/retained profits*	Total
	Paid-in capital RMB'000 (note 25)	Merger reserve* RMB'000 (note 27)	Equity-settled share award reserve* RMB'000 (note 27)	Surplus reserve* RMB'000 (note 27)		
As at 1 January 2023	—	71,610	—	—	(58,950)	12,660
Total comprehensive income for the year	—	—	—	—	59,890	59,890
Capital injection from shareholders	—	19,859	—	—	—	19,859
Transfer to surplus reserve	—	—	—	94	(94)	—
Equity-settled share award arrangements (note 26)	—	—	2,038	—	—	2,038
As at 31 December 2023	—	91,469	2,038	94	846	94,447

Year ended 31 December 2024

	Attributable to owners of the parent				Retained profits*	Total
	Paid-in capital RMB'000 (note 25)	Merger reserve* RMB'000 (note 27)	Equity-settled share award reserve* RMB'000 (note 27)	Surplus reserve* RMB'000 (note 27)		
As at 1 January 2024	—	91,469	2,038	94	846	94,447
Total comprehensive income for the year	—	—	—	—	79,082	79,082
Transfer to surplus reserve	—	—	—	7,908	(7,908)	—
Equity-settled share award arrangements (note 26)	—	—	2,447	—	—	2,447
Dividend declared (note 11)	—	—	—	—	(30,000)	(30,000)
As at 31 December 2024	—	91,469	4,485	8,002	42,020	145,976

Year ended 31 December 2025

	Attributable to owners of the parent				Retained profits*	Total
	Paid-in capital RMB'000 (note 25)	Merger reserve* RMB'000 (note 27)	Equity-settled share award reserve* RMB'000 (note 27)	Surplus reserve* RMB'000 (note 27)		
As at 1 January 2025	—	91,469	4,485	8,002	42,020	145,976
Total comprehensive income for the year	—	—	—	—	168,523	168,523
Transfer to surplus reserve	—	—	—	16,852	(16,852)	—
Equity-settled share award arrangements (note 26)	—	—	2,447	—	—	2,447
Deemed distribution upon the establishment of historical offshore structure**	—	(142,291)	—	—	—	(142,291)
As at 31 December 2025	—	(50,822)	6,932	24,854	193,691	174,655

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Five months ended 31 May 2025 (unaudited)

	Attributable to owners of the parent					Total RMB'000
	Paid-in capital RMB'000	Merger reserve RMB'000	Equity-settled share award reserve RMB'000	Surplus reserve RMB'000	Retained profits RMB'000	
As at 1 January 2025	—	91,469	4,485	8,002	42,020	145,976
Total comprehensive income for the period	—	—	—	—	19,125	19,125
Equity-settled share award arrangements	—	—	1,019	—	—	1,019
Deemed distribution upon the establishment of historical offshore structure**	—	(142,291)	—	—	—	(142,291)
As at 31 May 2025	—	(50,822)	5,504	8,002	61,145	23,829

Five months ended 31 May 2026

	Attributable to owners of the parent					Total RMB'000
	Paid-in capital RMB'000 (note 25)	Merger reserve* RMB'000 (note 27)	Equity-settled share award reserve* RMB'000 (note 27)	Surplus reserve* RMB'000 (note 27)	Retained profits* RMB'000	
As at 1 January 2026	—	(50,822)	6,932	24,854	193,691	174,655
Total comprehensive income for the period	—	—	—	—	55,713	55,713
Equity-settled share award arrangements (note 26)	—	—	1,019	—	—	1,019
Capital injection from shareholders (note 25)	121,773	—	—	—	—	121,773
As at 31 May 2026	121,773	(50,822)	7,951	24,854	249,404	353,160

* These reserve accounts comprise the consolidated reserves of RMB94,447,000, RMB145,976,000, RMB174,655,000 and RMB231,387,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

** Detail of the nature of deemed distribution upon the establishment of historical offshore structure is given in note 27(a) to the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Notes	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		66,723	89,866	195,703	21,478
Adjustments for:					62,086
Finance costs	7	5,006	6,571	3,613	1,026
Interest income	5	(597)	(591)	(871)	(226)
Equity-settled share award expense	6,26	2,038	2,447	2,447	1,019
Losses on disposal of items of property, plant and equipment	6	873	15	13	2
Fair value changes on bills receivable	6	3,543	4,530	7,238	4,049
Depreciation of property, plant and equipment	6,13	4,342	3,859	4,262	1,708
Depreciation of right-of-use assets	6,14	868	868	868	362
Amortisation of intangible assets	6,15	45	61	78	25
Impairment losses/(reversal of impairment losses) on financial assets, net	6	650	(651)	—	—
Write-down/(reversal) of inventories	6	205	(515)	—	—
		<u>83,696</u>	<u>106,460</u>	<u>213,351</u>	<u>29,443</u>
Increase in inventories		(32,000)	(47,963)	(5,012)	(34,182)
(Increase)/decrease in trade and bills receivables		(228,361)	(466,758)	7,038	32,172
Increase in pledged deposits		—	(26,977)	(59,663)	(29,663)
Decrease/(increase) in prepayments, other receivables and other assets		9,989	(439)	818	(6,651)
(Decrease)/increase in trade and bills payables		(996)	57,362	129,046	70,592
(Decrease)/increase in other payables and accruals		<u>(44,367)</u>	<u>9,873</u>	<u>13,849</u>	<u>199</u>
Cash (used in)/generated from operations		(212,039)	(368,442)	299,427	61,910
Interest received	6	597	591	871	226
Income tax paid		—	(1,475)	(8,893)	(2,723)
Net cash flows (used in)/from operating activities		<u>(211,442)</u>	<u>(369,326)</u>	<u>291,405</u>	<u>59,413</u>
					<u>(19,622)</u>

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	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash flows (used in)/from operating activities		(211,442)	(369,326)	291,405	59,413	(19,622)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		153	57	—	—	80
Purchases of items of property, plant, equipment		(11,829)	(11,073)	(4,502)	(2,093)	(355)
Purchases of right-of-use assets		(15,955)	—	—	—	—
Additions to other intangible assets		(205)	—	—	—	—
Net cash flows used in investing activities		(27,836)	(11,016)	(4,502)	(2,093)	(275)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings		310,593	513,109	143,000	143,000	—
Repayment of bank borrowings		(92,377)	(79,990)	(121,120)	(60,000)	(111,870)
Principal portion of lease payments		(1,029)	—	—	—	—
Interest paid		(3,859)	(3,594)	(3,385)	(799)	(1,411)
Capital injection		19,859	—	—	—	121,773
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid	11	—	(30,000)	—	—	—
Deemed distribution upon establishment of historical offshore structure		—	—	(142,291)	(142,291)	—
Net cash flows from/(used in) financing activities		233,187	398,990	(125,970)	(61,380)	8,009
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,091)	18,648	160,933	(4,060)	(11,888)
Cash and cash equivalents at beginning of year/period		16,890	10,799	29,447	29,447	190,380
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>10,799</u>	<u>29,447</u>	<u>190,380</u>	<u>25,387</u>	<u>178,492</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	21	<u>10,799</u>	<u>29,447</u>	<u>190,380</u>	<u>25,387</u>	<u>178,492</u>
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		<u>10,799</u>	<u>29,447</u>	<u>190,380</u>	<u>25,387</u>	<u>178,492</u>

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STATEMENTS OF FINANCIAL POSITION

		As at 31 December 2025 RMB'000	As at 31 May 2026 RMB'000
	Notes		
NON-CURRENT ASSETS			
Investment in a subsidiary	17	<u>142,291</u>	<u>142,291</u>
Total non-current assets		<u>142,291</u>	<u>142,291</u>
CURRENT ASSETS			
Cash and cash equivalents	21	<u>2,622</u>	<u>11,075</u>
Total current assets		<u>2,622</u>	<u>11,075</u>
CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	<u>5,650</u>	<u>—</u>
Other payable		<u>—</u>	<u>16</u>
Total current liabilities		<u>5,650</u>	<u>16</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,028)</u>	<u>11,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>139,263</u>	<u>153,350</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	<u>106,220</u>	<u>—</u>
Total non-current liabilities		<u>106,220</u>	<u>—</u>
Net assets		<u><u>33,043</u></u>	<u><u>153,350</u></u>
EQUITY			
Paid-in capital	25	<u>—</u>	<u>121,773</u>
Reserves	27	<u>33,043</u>	<u>31,577</u>
Total equity		<u><u>33,043</u></u>	<u><u>153,350</u></u>

No statements of financial position as at 31 December 2023 and 31 December 2024 are presented as the Company has not been incorporated at that time.

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in People’s Republic of China (“PRC”) on 25 February 2025. The registered office of the Company is located at No.1009 Dexing Road, Tianqiao district, Jinan, Shandong Province, PRC. The Company is ultimately controlled by Mr. Chen Zichun.

The Company is an investment holding company. During the Relevant Periods, the Company’s subsidiary was principally involved in the manufacture and sale of silver powder.

The Company and its subsidiary now comprising the Group underwent historical offshore structure as set out in the section headed “History, Development and Corporate Structure — Our Corporate Developments — Historical Offshore Structure” in the Document. Apart from the establishment of historical offshore structure, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had a direct interest in its subsidiary, which is a private limited liability company (which has substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name*	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shandong Janbon Colloidal Materials Co., Ltd. 山東建邦膠體材料有限公司* (note)	PRC/Chinese mainland 26 March 2010	RMB84,376,900	100	—	Manufacture and sale of silver powder

No audited financial statements have been prepared for the Company since its incorporation or registration, as it is not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation or registration.

Note: The statutory financial statements of Shandong Janbon Colloidal Materials Co., Ltd. (“Janbon Colloidal Materials”) for the years ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Shandong Xinyuan Limited Liability Accounting Firm Limited (山東信源有限責任會計師事務所), certified public accountants registered in the PRC. The statutory financial statements of Janbon Colloidal Materials for the years ended 31 December 2024 and 2025 prepared under PRC GAAP were audited by Shandong Tianyan Certified Public Accountants Co., Ltd. (山東天演會計師事務所有限公司), certified public accountants registered in the PRC.

* The English name of the entity registered in the PRC represents the best efforts made by management of the Company to directly translate its Chinese name as it did not have any official English name registered.

2. ACCOUNTING POLICIES

2.1 Basis of Presentation

Pursuant to the historical offshore structure as more fully explained in the section headed “History, Development and Corporate Structure — Our Corporate Developments — Historical Offshore Structure” in the Document, the Company became the holding company of the subsidiary now comprising the Group on 2 April 2025. As the establishment of historical offshore structure only involved inserting a new holding entity at the top of an existing company and has not resulted in any change of economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing group as if the establishment of historical offshore structure had been completed at the beginning of the Relevant Periods.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 31 May 2026 have been prepared to present the assets and liabilities of the subsidiary now comprising the Group, as if the current group structure had been in existence at those dates. No adjustments are made to reflect fair values, or to recognise any new assets or liabilities as a result of the establishment of historical offshore structure.

All intra-group transactions and balances have been eliminated on consolidation in full.

2.2 Basis of Preparation

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information consistently throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

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The Historical Financial Information has been prepared under the historical cost convention, except for bills receivable, which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiary is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiary is consolidated from the date on which the Group obtains control, or since the date when the subsidiaries first came under the common control of the controlling shareholder, and continue to be consolidated until the date that such control ceases.

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

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

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

2.3 Issued but Not Yet Effective International Financial Accounting Standards

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

IFRS 20	<i>Regulatory Assets and Regulatory Liabilities</i> ³
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ Effective for annual/reporting periods beginning on or after 1 January 2029

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial [REDACTED]. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies upon initial [REDACTED] and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

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2.4 Material Accounting Policy Information

Fair value measurement

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Categories	Estimated useful lives
Buildings	20 to 37 years
Machinery	5 to 10 years
Vehicles, electronic devices and other equipment	3 to 10 years
Leasehold improvements	5 to 10 years

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

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

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

Intangible assets (other than goodwill)

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

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Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

<u>Categories</u>	<u>Estimated useful lives</u>
Software	2 to 5 years
Patents and licences	2 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

<u>Categories</u>	<u>Estimated useful lives</u>
Leasehold land	37 years

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

(b) Lease liabilities

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

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

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

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

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

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has considered estimated loss rate based on historical observable default rates and study of each specific customer’s default and recovery data from external credit-rating agency, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

The Group’s financial liabilities include trade and bills payables, other payables and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks. Pledged deposits in the statement of financial position comprise warranty for bills payable.

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

Income tax

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

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

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

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

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

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

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

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

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

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

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Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products. The Group recognises revenue from the sale of industrial products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Some contracts for the sale of industrial products provide customers with rights of return, giving rise to variable consideration. For contracts which provide a customer with a right to return the industrial products, the expected value method is used to estimate the industrial products that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For industrial products that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Processing services

Revenue from processing services is recognised at the point in time when the processing services are rendered and the processed goods are delivered to customers; the Group does not have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share award plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the discounted cash flow and equity allocation method, further details of which are given in note 26 to the Historical Financial Information.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group’s subsidiary which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund — Chinese mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed dividends are disclosed in the notes to the Historical Financial Information.

Interim dividends are simultaneously proposed and declared, because the Company’s articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgement that significantly affects the determination of the amount of revenue from contracts with customers:

- (a) *Determining the method to estimate variable consideration and assessing the constraint for the sale of industrial products*

Certain contracts for the sale of industrial products include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Group is required to use the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of industrial products with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimation uncertainty

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

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of industrial products with rights of return.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group’s past experience regarding returns entitlements may not be representative of customers’ actual return entitlements in the future.

Impairment of non-financial assets (other than goodwill)

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

Fair value measurement of share-based payments

The Group has set up a share incentive plan and granted share awards to the Group’s employees. The fair values of the share awards are determined using the discounted cash flow and equity allocation method at the grant dates. Significant estimates based on assumptions, including the underlying equity value are made by management. Further details are included in note 26 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example,

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when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Write-down of inventories

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

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimates. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and has only one reportable operating segment. Management monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

During the Relevant Periods and the five months ended 31 May 2025, all of the Group’s revenue was derived from customers located in Chinese mainland and all of the Group’s non-current assets were located in Chinese mainland, and therefore, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue from the major customers (aggregated if under common control) which amounted to 10% or more of the Group’s revenue is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Customer A	1,048,363	1,449,086	552,092	N/A*	N/A*
Customer B	1,255,912	1,043,028	845,959	203,156	837,919
Customer C	N/A*	N/A*	1,086,508	164,649	738,086
Customer D	N/A*	N/A*	715,847	190,660	707,213
Total	2,304,275	2,492,114	3,200,406	558,465	2,283,218

* Less than 10% of the Group’s revenue

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Revenue from contracts with customers	2,781,686	3,949,620	5,066,505	1,409,221	4,050,486

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Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods or services					
Sale of industrial products	2,780,179	3,943,547	5,059,780	1,403,777	4,048,832
Processing services	1,507	6,073	6,725	5,444	1,654
Total	2,781,686	3,949,620	5,066,505	1,409,221	4,050,486
Geographical market					
Chinese mainland	2,781,686	3,949,620	5,066,505	1,409,221	4,050,486
Timing of revenue recognition					
Goods transferred at a point in time	2,780,179	3,943,547	5,059,780	1,403,777	4,048,832
Services transferred at a point in time	1,507	6,073	6,725	5,444	1,654
Total	2,781,686	3,949,620	5,066,505	1,409,221	4,050,486

The following table shows the amounts of revenue recognised in the Relevant Periods and the five months ended 31 May 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the five months ended 31 May 2025:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue recognised:					
Sale of industrial products	47,562	2,506	9,871	9,871	12,288

(b) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment in advance is normally required.

Processing services

The performance obligation is satisfied at the point as services are rendered, where payment in advance is normally required.

An analysis of other income is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other income					
Government grants*	2,096	10,781	22,922	3,839	8,603
Bank interest income	597	591	871	226	780
Others	12	9	124	122	14
Total	2,705	11,381	23,917	4,187	9,397

* The government grants mainly represent incentives awarded by the local governments to support the Group’s operation. There were no unfulfilled conditions or contingencies attached to these government grants.

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6. PROFIT BEFORE TAX

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

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		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>
Cost of goods sold		2,673,860	3,815,453	4,827,272	1,367,307	3,968,946
Cost of services provided		580	3,369	3,239	2,648	776
		2,674,440	3,818,822	4,830,511	1,369,955	3,969,722
Depreciation of property, plant and equipment*	13	4,342	3,859	4,262	1,708	1,909
Depreciation of right-of-use assets*	14(a)	868	868	868	362	362
Amortisation of intangible assets*	15	45	61	78	25	27
Research and development expenses		24,754	26,457	27,839	8,763	17,582
Lease payments not included in the measurement of lease liabilities	14(c)	141	144	142	59	59
Employee benefit expense (including directors’, chief executive’s and supervisors’ remuneration as set out in note 8):						
Salaries and other benefits		13,016	14,352	21,052	5,834	8,557
Pension scheme contributions		1,528	1,674	1,733	552	793
Equity-settled share award expense**	26	2,038	2,447	2,447	1,019	1,019
Total employee benefit expense		16,582	18,473	25,232	7,405	10,369
Bank interest income	5	(597)	(591)	(871)	(226)	(780)
Government grants	5	(2,096)	(10,781)	(22,922)	(3,839)	(8,603)
Fair value changes on bills receivable		3,543	4,530	7,238	4,049	1,542
Impairment losses/(reversal of impairment losses) on financial assets, net		650	(651)	—	—	—
Write-down/(reversal) of inventories		205	(515)	—	—	—
[REDACTED]	28(b)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditor’s remuneration		—	41	10	10	—
Losses on disposal of items of property, plant and equipment		873	15	13	2	546

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of intangible assets related to manufacturing and research and development for the Relevant Periods and the five months ended 31 May 2025 are included in “Cost of sales”, “Selling and marketing expenses”, “Administrative expenses” and “Research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

** Equity-settled share award expense is included in “Cost of sales”, “Administrative expenses”, “Research and development costs” and “Selling and marketing expenses” in the consolidated statements of profit or loss and other comprehensive income.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on interest-bearing bank borrowings	5,006	6,571	3,613	1,026	1,411

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 25 February 2025, the date of incorporation of the Company.

Certain of the directors received remuneration from the subsidiary now comprising the Group for their appointment as directors and key management personnel of the subsidiary. The remuneration of each of these directors and key management personnel as recorded in the financial statements of the subsidiary is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	—	—	—	—	—
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	1,610	1,819	3,479	775	1,494
Equity-settled share award expense	589	707	707	294	294
Pension scheme contributions	74	114	81	34	34
Total	2,273	2,640	4,267	1,103	1,822

Certain executive directors of the Company were entitled to bonus payments which were determined by key performance indicators.

(a) Executive director, non-executive directors and the chief executive

Year ended 31 December 2023

	Salaries, bonuses, allowances and benefits in kind RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Mr. Chen Zichun	598	—	3	601
Mr. Zhou Yong	748	585	49	1,382
Ms. Meng Haiqing	264	4	22	290
Total	1,610	589	74	2,273

Year ended 31 December 2024

	Salaries, bonuses, allowances and benefits in kind RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Mr. Chen Zichun	739	—	32	771
Mr. Zhou Yong	767	702	50	1,519
Ms. Meng Haiqing	313	5	32	350
Total	1,819	707	114	2,640

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Year ended 31 December 2025

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Chen Zichun	1,263	—	—	1,263
Mr. Zhou Yong	1,231	702	49	1,982
Ms. Meng Haiqing	985	5	32	1,022
Subtotal	3,479	707	81	4,267
Non-executive directors:				
Mr. Zhang Wei	—	—	—	—
Total	3,479	707	81	4,267

Five months ended 31 May 2025 (unaudited)

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Chen Zichun	305	—	—	305
Mr. Zhou Yong	316	292	21	629
Ms. Meng Haiqing	154	2	13	169
Subtotal	775	294	34	1,103
Non-executive directors:				
Mr. Zhang Wei	—	—	—	—
Total	775	294	34	1,103

Five months ended 31 May 2026

	Salaries, bonuses, allowances and benefits in kind <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Chen Zichun	616	—	—	616
Mr. Zhou Yong	582	292	21	895
Ms. Meng Haiqing	296	2	13	311
Subtotal	1,494	294	34	1,822
Non-executive directors:				
Mr. Zhang Wei	—	—	—	—
Total	1,494	294	34	1,822

Mr. Chen Zichun was appointed as director of the Company on 25 February 2025 and an executive director of the Company on 21 May 2026.

Mr. Zhou Yong and Ms. Meng Haiqing were appointed as executive directors of the Company on 21 May 2026.

Mr. Zhang Wei was appointed as a non-executive director of the Company on 21 May 2026.

There were no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the five months ended 31 May 2025.

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9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonuses, allowances and benefits in kind	1,531	1,904	2,296	759	854
Equity-settled share award expense	1,126	1,351	1,289	537	537
Pension scheme contributions	95	97	64	27	27
Total	2,752	3,352	3,649	1,323	1,418

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HK\$1,000,000	2	2	—	2	1
HK\$1,000,001 to HK\$2,000,000	1	—	1	1	1
HK\$2,000,001 to HK\$3,000,000	—	1	1	—	—
Total	3	3	2	3	2

10. INCOME TAX

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate for the PRC subsidiary was 25% during the Relevant Periods. Janbon Colloidal Materials was accredited as a “High and New Technology Enterprise” (“HNTE”) in 2021 and the certificate was extended in December 2024, after which validity period is from 7 December 2024 to 6 December 2027. Therefore, Janbon Colloidal Materials was entitled to a preferential EIT rate of 15% for the Relevant Periods and the five months ended 31 May 2025. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years.

The income tax charge of the Group during the Relevant Periods and the five months ended 31 May 2025 is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax — Chinese mainland					
Charge for the year/period	—	1,187	26,892	2,065	6,326
Under provision in prior year/periods	—	—	288	288	47
Deferred tax (note 16)	6,833	9,597	—	—	—
Total tax charge	6,833	10,784	27,180	2,353	6,373

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A reconciliation of the tax charge applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December						Five months ended 31 May			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Profit before tax	66,723		89,866		195,703		21,478		62,086	
Tax at the statutory tax rate of 25%	16,681	25.0	22,467	25.0	48,926	25.0	5,370	25.0	15,522	25.0
Lower tax rate for specific provinces or enacted by local authority	(6,672)	(10.0)	(8,987)	(10.0)	(19,746)	(10.1)	(2,151)	(10.0)	(6,355)	(10.2)
Expenses not deductible for tax	363	0.5	467	0.5	410	0.2	143	0.7	160	0.3
Adjustments in respect of current tax of previous periods	—	—	—	—	288	0.1	288	1.3	47	0.1
Additional deductible allowance for qualified research and development expenses	(3,539)	(5.3)	(3,163)	(3.5)	(3,187)	(1.6)	(1,306)	(6.1)	(3,367)	(5.4)
Tax losses not recognised	—	—	—	—	489	0.2	9	0.1	366	0.6
Tax charge at the Group's effective tax rate	6,833	10.2	10,784	12.0	27,180	13.9	2,353	11.0	6,373	10.4

11. DIVIDEND

No dividends have been declared and paid by the Company since the date of its incorporation.

On 24 September 2024, Janbon Colloidal Materials, a subsidiary of the Group, declared a cash dividend of RMB30,000,000 to its shareholders. The dividend was fully paid by September 2024.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the basis of presentation of the results of the Group for the Relevant Periods and the five months ended 31 May 2025 as disclosed in note 2.1 to the Historical Financial Information.

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023	Buildings RMB'000	Machinery RMB'000	Vehicles, electronic devices and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:						
Cost	16,767	23,892	3,516	11,965	—	56,140
Accumulated depreciation	(257)	(16,686)	(2,894)	(4,701)	—	(24,538)
Net carrying amount	16,510	7,206	622	7,264	—	31,602
At 1 January 2023, net of accumulated depreciation	16,510	7,206	622	7,264	—	31,602
Additions	—	5,521	661	85	3,579	9,846
Disposals	(1,018)	—	(4)	—	—	(1,022)
Depreciation provided during the year (note 6)	(449)	(2,467)	(230)	(1,196)	—	(4,342)
Transfer within property, plant and equipment	3,333	246	—	—	(3,579)	—
At 31 December 2023, net of accumulated depreciation	18,376	10,506	1,049	6,153	—	36,084
At 31 December 2023:						
Cost	18,921	29,659	4,170	12,050	—	64,800
Accumulated depreciation	(545)	(19,153)	(3,121)	(5,897)	—	(28,716)
Net carrying amount	18,376	10,506	1,049	6,153	—	36,084
31 December 2024	Buildings RMB'000	Machinery RMB'000	Vehicles, electronic devices and other equipment RMB'000	Leasehold improvements RMB'000		Total RMB'000
At 1 January 2024:						
Cost	18,921	29,659	4,170	12,050		64,800
Accumulated depreciation	(545)	(19,153)	(3,121)	(5,897)		(28,716)
Net carrying amount	18,376	10,506	1,049	6,153		36,084
At 1 January 2024, net of accumulated depreciation	18,376	10,506	1,049	6,153		36,084
Additions	—	4,585	891	184		5,660
Disposals	—	(20)	(45)	—		(65)
Depreciation provided during the year (note 6)	(579)	(1,738)	(330)	(1,212)		(3,859)
At 31 December 2024, net of accumulated depreciation	17,797	13,333	1,565	5,125		37,820
At 31 December 2024:						
Cost	18,921	33,873	4,458	12,234		69,486
Accumulated depreciation	(1,124)	(20,540)	(2,893)	(7,109)		(31,666)
Net carrying amount	17,797	13,333	1,565	5,125		37,820

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	Buildings	Machinery	Vehicles, electronic devices and other equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025					
At 1 January 2025:					
Cost	18,921	33,873	4,458	12,234	69,486
Accumulated depreciation	(1,124)	(20,540)	(2,893)	(7,109)	(31,666)
Net carrying amount	<u>17,797</u>	<u>13,333</u>	<u>1,565</u>	<u>5,125</u>	<u>37,820</u>
At 1 January 2025, net of accumulated depreciation	17,797	13,333	1,565	5,125	37,820
Additions	—	6,532	454	794	7,780
Disposals	—	(1)	(12)	—	(13)
Depreciation provided during the year (note 6)	(579)	(2,015)	(428)	(1,240)	(4,262)
At 31 December 2025, net of accumulated depreciation	<u>17,218</u>	<u>17,849</u>	<u>1,579</u>	<u>4,679</u>	<u>41,325</u>
At 31 December 2025:					
Cost	18,921	40,383	4,873	13,028	77,205
Accumulated depreciation	(1,703)	(22,534)	(3,294)	(8,349)	(35,880)
Net carrying amount	<u>17,218</u>	<u>17,849</u>	<u>1,579</u>	<u>4,679</u>	<u>41,325</u>
31 May 2026					
At 1 January 2026:					
Cost	18,921	40,383	4,873	13,028	77,205
Accumulated depreciation	(1,703)	(22,534)	(3,294)	(8,349)	(35,880)
Net carrying amount	<u>17,218</u>	<u>17,849</u>	<u>1,579</u>	<u>4,679</u>	<u>41,325</u>
At 1 January 2026, net of accumulated depreciation	17,218	17,849	1,579	4,679	41,325
Additions	—	—	147	—	147
Disposals	—	(626)	—	—	(626)
Depreciation provided during the period (note 6)	(242)	(930)	(194)	(543)	(1,909)
At 31 May 2026, net of accumulated depreciation	<u>16,976</u>	<u>16,293</u>	<u>1,532</u>	<u>4,136</u>	<u>38,937</u>
At 31 May 2026:					
Cost	18,921	39,668	5,020	13,028	76,637
Accumulated depreciation	(1,945)	(23,375)	(3,488)	(8,892)	(37,700)
Net carrying amount	<u>16,976</u>	<u>16,293</u>	<u>1,532</u>	<u>4,136</u>	<u>38,937</u>

Certain of the Group’s buildings with net carrying amounts of approximately RMB13,964,000 and RMB13,594,000 as at 31 December 2023 and 2024, respectively, were pledged to secure bank loans (note 24).

The Group is still in the process of applying title certificates for the Group’s buildings of RMB4,412,000, RMB4,203,000, RMB3,993,000 and RMB3,905,412 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

14. LEASES

The Group as a lessee

The Group has lease contract for land use right used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 37 years, and no ongoing payments will be made under the terms of land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension or termination options and variable lease payments.

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(a) Right-of-use assets

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

The Group

	Leasehold land
	<i>RMB’000</i>
As at 1 January 2023	31,886
Depreciation charge (<i>note 6</i>)	<u>(868)</u>
As at 31 December 2023 and 1 January 2024	31,018
Depreciation charge (<i>note 6</i>)	<u>(868)</u>
As at 31 December 2024 and 1 January 2025	30,150
Depreciation charge (<i>note 6</i>)	<u>(868)</u>
As at 31 December 2025 and 1 January 2026	29,282
Depreciation charge (<i>note 6</i>)	<u>(362)</u>
As at 31 May 2026	<u><u>28,920</u></u>

The Group’s leasehold land with net carrying amounts of RMB4,696,000 and RMB4,565,000 as at 31 December 2023 and 2024, respectively, was pledged to secure bank loans (*note 24*).

(b) Lease liabilities

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

The Group

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at beginning of the year/period	1,029	—	—	—
Payments	<u>(1,029)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount at end of the year/period	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
Analysed into:				
Current portion	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

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

	Year ended 31 December			Five months ended 31 May	
	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>
Depreciation charge of right-of-use assets	868	868	868	362	362
Expenses relating to short-term leases and leases of low-value assets (<i>note 6</i>)	<u>141</u>	<u>144</u>	<u>142</u>	<u>59</u>	<u>59</u>
Total amount recognised in profit or loss	<u><u>1,009</u></u>	<u><u>1,012</u></u>	<u><u>1,010</u></u>	<u><u>421</u></u>	<u><u>421</u></u>

(d) The total cash outflows for leases are disclosed in note 28(c) to the Historical Financial Information.

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15. INTANGIBLE ASSETS

The Group

	Software RMB'000	Patents and licences RMB'000	Total RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	—	—	—
Additions	181	—	181
Amortisation provided during the year (note 6)	(45)	—	(45)
At 31 December 2023	136	—	136
At 31 December 2023:			
Cost	269	33	302
Accumulated amortisation and impairment	(133)	(33)	(166)
Net carrying amount	136	—	136
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	136	—	136
Amortisation provided during the year (note 6)	(61)	—	(61)
At 31 December 2024	75	—	75
At 31 December 2024:			
Cost	269	33	302
Accumulated amortisation and impairment	(194)	(33)	(227)
Net carrying amount	75	—	75
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	75	—	75
Additions	88	—	88
Amortisation provided during the year (note 6)	(78)	—	(78)
At 31 December 2025	85	—	85
At 31 December 2025:			
Cost	357	33	390
Accumulated amortisation and impairment	(272)	(33)	(305)
Net carrying amount	85	—	85
31 May 2026			
Cost at 1 January 2026, net of accumulated amortisation	85	—	85
Amortisation provided during the period (note 6)	(27)	—	(27)
At 31 May 2026	58	—	58
At 31 May 2026:			
Cost	357	33	390
Accumulated amortisation and impairment	(299)	(33)	(332)
Net carrying amount	58	—	58

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16. DEFERRED TAX

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

Deferred tax assets

	Provision for inventories RMB'000	Impairment losses on financial assets RMB'000	Lease liability RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	46	—	155	16,229	16,430
Deferred tax credited/(charged) to profit or loss during the year (note 10)	31	98	(155)	(6,807)	(6,833)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	77	98	—	9,422	9,597
Deferred tax charged to profit or loss during the year (note 10)	(77)	(98)	—	(9,422)	(9,597)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	—	—	—	—	—
Deferred tax charged to profit or loss during the year (note 10)	—	—	—	—	—
Gross deferred tax assets at 31 December 2025 and 1 January 2026	—	—	—	—	—
Deferred tax charged to profit or loss during the period (note 10)	—	—	—	—	—
Gross deferred tax assets at 31 May 2026	—	—	—	—	—

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

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	9,597	—	—	—

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	—	—	1,957	3,422

The Group has the above tax losses arising in the Chinese mainland that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

17. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 December 2025	As at 31 May 2026
	RMB'000	RMB'000
Investment, at cost	142,291	142,291

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18. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	44,494	94,062	122,898	192,174
Raw materials and consumables	16,304	21,163	1,445	8,310
Goods in transit	7,361	4,595	143	6,313
Work in progress	5,363	1,665	2,011	21,808
Subtotal	73,522	121,485	126,497	228,605
Provision for impairment of inventories	(515)	—	—	—
Total	73,007	121,485	126,497	228,605

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	13,017	—	—	—
Bills receivable	81,726	175,421	44,647	79,764
Subtotal	94,743	175,421	44,647	79,764
Impairment allowance	(651)	—	—	—
Total	94,092	175,421	44,647	79,764

The Group’s trading terms with its customers are mainly on payment in advance, except for some transactions such as exceptional sales with executive approval and the sale of solar-generated electricity to grid companies, which are traded on credit. The Group seeks to maintain strict control over its outstanding receivables, with oversight by the Chief Financial Officer to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

Bills receivable are measured at fair value through profit or loss. Bills receivable are bank acceptance bills that are unconditionally accepted by banks within the maturity period.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2023, 2024 and 2025 and 31 May 2026, the Group endorsed certain bills receivable accepted by banks (the “Bank Bills”) in Chinese mainland (the “Endorsed Bills”) with carrying amounts of nil, RMB30,190,000, nil and nil, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”).

The Group also transferred certain Bank Bills in Chinese mainland (the “Discounted Bills”) with carrying amounts of RMB81,726,000, RMB116,270,000, nil and nil, respectively, to certain banks in order to obtain cash from such banks (the “Discount”) at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively (note 24).

In the opinion of the Company’s directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, the Group continued to recognise (i) the full carrying amounts of the Endorsed Bills and the relevant associated trade payables settled and (ii) the full carrying amounts of the Discounted Bills and the associated other borrowings associated with cash received. Subsequent to the Discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

At 31 December 2023, 2024 and 2025 and 31 May 2026, the aggregate carrying amounts of the trade payables settled by the Endorsed Bills to which the suppliers have recourse are nil, RMB30,190,000, nil and nil, respectively.

At 31 December 2023, 2024 and 2025 and 31 May 2026, the aggregate carrying amounts of the interest-bearing bank borrowings related to the Discounted Bills were RMB81,726,000, RMB116,270,000, nil and nil, respectively.

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Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024 and 2025 and 31 May 2026, the Group endorsed certain Bank Bills in Chinese mainland with carrying amounts of nil, RMB193,513,000, RMB753,606,000 and RMB918,826,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers. At 31 December 2023, 2024 and 2025 and 31 May 2026, the Group also transferred certain Bank Bills in Chinese mainland with carrying amounts of RMB524,762,000, RMB280,130,000, RMB775,247,000 and RMB245,757,000, respectively, to certain banks in order to obtain cash from such banks. These bills receivable being endorsed and transferred are collectively referred to as derecognised bills (the “Derecognised Bills”).

The Derecognised Bills had a maturity period of one to twelve months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables and other borrowings. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During each of the Relevant Periods, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement during each of the Relevant Periods. The endorsement and transfer have been made evenly throughout the Relevant Periods.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 3 months	12,366	—	—	—

The maturity date analysis for bills receivable is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 3 months	30,993	80,666	—	—
3 to 6 months	50,733	94,755	44,647	79,764
Total	81,726	175,421	44,647	79,764

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

	Year ended 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of year/period	—	651	—	—
Impairment losses, net	651	(651)	—	—
At end of year/period	651	—	—	—

An impairment analysis is performed at the end of each Relevant Periods using estimated loss rate to measure expected credit losses. The estimated loss rates are based on historical observable default rates over expected life of the debts, study of each specific customer’s credit-rating from external agency and default and recovery data for different credit-rating from external agency, and are adjusted for forward-looking information (for example, forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The calculation reflects the probability-weighted outcome, reasonable and supportable information that is available at the end of each Relevant Periods about past events, current conditions, and forecasts of future economic conditions.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Prepayments	434	14	246	85
Other receivables	71	76	80	1,022
Deductible input VAT	—	954	—	—
Deferred [REDACTED] (note 28)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	505	2,121	3,806	4,887
Impairment allowance	—	—	—	—
Subtotal	505	2,121	3,806	4,887
Non-current:				
Prepayments for property, plant and equipment	—	3,780	—	178
Advance payments for employee training expenses	467	367	267	225
Subtotal	467	4,147	267	403
Total	972	6,268	4,073	5,290

Other receivables mainly include employee petty cash and social security paid on behalf of employees. There was no recent history of default for other receivables. Other receivables included in the above balances were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables was minimal.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	10,799	56,424	277,020	305,432
Less: Short-term pledged deposits for bills payables (note 22)	—	(26,977)	(86,640)	(126,940)
Cash and cash equivalents	10,799	29,447	190,380	178,492

The Company

	As at 31 December 2025	As at 31 May 2026
	RMB'000	RMB'000
Cash and cash equivalents	2,622	11,075

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

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

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22. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	391	30,776	199	53,737
Bills payable	—	26,977	186,600	271,600
Total	391	57,753	186,799	325,337

Bills payable are aged within six months.

Included in the above balances, bills payable with aggregate amounts of approximately nil, RMB26,977,000, RMB186,600,000 and RMB271,600,000 were secured by the pledge of the Group’s deposits with aggregate amounts of approximately nil, RMB26,977,000, RMB86,640,000 and RMB126,940,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively (note 21).

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	391	30,776	199	53,737

The trade payables are non-interest-bearing and are normally settled within 30 days.

23. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at 31 December			As at 31 May
		2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable		3,492	3,331	8,072	2,812
Contract liabilities	(a)	2,506	9,871	12,288	6,799
Deposit and other payable	(b)	1,977	908	444	512
Other tax payables		1,176	626	6,518	2,544
Accrued [REDACTED] (note 28(b))		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		9,151	17,942	31,606	15,939

Notes:

(a) Details of contract liabilities are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advances received from customers				
Sale of industrial products	2,506	9,871	12,288	6,799

Contract liabilities include short-term advances received to deliver industrial products. The changes in the Group’s contract liabilities during the Relevant Periods were mainly due to the changes in advances received from customers at the end of each of the Relevant Periods.

(b) Deposit and other payables are non-interest-bearing and are normally settled within 1 year.

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24. INTEREST-BEARING BANK BORROWINGS

The Group

As at 31 December 2023			
	Effective interest rate	Maturity	RMB'000
Current			
Bank loans — secured	1.20% to 4.30%	2024	111,726
Bank loans — unsecured	4.00%	2024	39,990
Total			151,716
As at 31 December 2024			
	Effective interest rate	Maturity	RMB'000
Current			
Bank loans — secured	0.7% to 3.25%	2025	156,270
Bank loans — unsecured	3.20% to 3.50%	2025	49,990
Total			206,260
As at 31 December 2025			
	Effective interest rate	Maturity	RMB'000
Current			
Bank loans — unsecured	2.93%	2026	5,650
Non-Current			
Bank loans — unsecured	2.93%	2027–2028	106,220
Total			111,870

Notes:

As at 31 December 2023, all of the Group’s bank loans were denominated in RMB and were secured as follows:

- (i) the Group’s bank loan of RMB30,000,000 was guaranteed by Mr. Chen Zichun and secured by mortgages over the Group’s buildings and leasehold land, with net carrying values of approximately RMB13,964,000 and RMB4,696,000, respectively;
- (ii) the Discounted Bills with a carrying amount of RMB81,726,000 were not derecognised as at 31 December 2023 (note 19).

Additionally, the Group’s bank loan of RMB29,990,000 was jointly guaranteed by Jinan Financing Guarantee Co., Ltd. (“Jinan Financing Guarantee”, 濟南市融資擔保有限公司) and Mr. Chen Zichun, with a counter guarantee provided by Mr. Chen Zichun. Separately, the Group’s bank loan of RMB10,000,000 was guaranteed by Mr. Chen Zichun.

All of the above bank loans had been fully repaid and all guarantees had been released as at 31 December 2024.

As at 31 December 2024, the Group’s bank loans were denominated in RMB and were secured as follows:

- (i) the Group’s bank loan of RMB40,000,000 was guaranteed by Mr. Chen Zichun and secured by mortgages over the Group’s patents, buildings and leasehold land, with net carrying values of nil, RMB13,594,000 and RMB4,565,000 respectively;
- (ii) the Discounted Bills with a carrying amount of RMB116,270,000 were not derecognised as at 31 December 2024 (note 19).

Additionally, the Group’s bank loan of RMB29,990,000 was jointly guaranteed by Jinan Financing Guarantee and Mr. Chen Zichun, with a counter guarantee provided by Mr. Chen Zichun. Separately, the Group’s bank loan of RMB20,000,000 has been guaranteed by Mr. Chen Zichun.

All of the above bank loans had been fully repaid and all guarantees had been released as at 31 December 2025.

As at 31 December 2025, the Group’s bank loans of RMB111,870,000 were denominated in RMB and were unsecured.

All of the above bank loans had been fully repaid as at 31 May 2026.

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The Company

	As at 31 December 2025		
	Effective interest rate	Maturity	RMB’000
Current			
Bank loans — unsecured	2.93%	2026	5,650
Non-Current			
Bank loans — unsecured	2.93%	2027–2028	106,220
Total			111,870

25. PAID-IN CAPITAL

A summary of movements in the Company’s issued paid-in capital during the Relevant Periods is as follows:

	Total RMB’000
At 25 February 2025, 31 December 2025 and 1 January 2026	—
Capital contribution from the shareholders	121,773
At 31 May 2026	121,773

On 25 February 2025, the Company was established in the PRC as a limited liability company with an initial registered capital of RMB3,000,000. Pursuant to the shareholders’ resolution of the Company passed on 22 April 2026, the registered capital was increased from RMB3,000,000 to RMB121,773,015. Janbon High Tech HK Limited (“Janbon HK”), Mr. Chen, Jinan Weilanwan Commercial Service, LP (濟南蔚藍灣商務合夥企業(有限合夥)) (“Jinan Weilanwan”) and Jinan Xinchun Huizhi Business Management Service, LP (“Xinchun Huizhi”) subscribed for the increased registered capital of RMB18,773,015, RMB88,886,900, RMB6,443,600 and RMB4,669,500 respectively. All amounts of registered capital fully paid up in 2026.

26. SHARE-BASED PAYMENTS

In March 2023, Janbon Colloidal Materials set up a restricted share scheme (the “2023 Employee Shareholding Incentive Plan”) which became effective in 2023 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Janbon Colloidal Materials’ operations. Eligible participants of the 2023 Employee Shareholding Incentive Plan include Janbon Colloidal Materials’ directors, senior management and other employees.

As set out in the section headed “History, Development and Corporate Structure” of the Document, Jinan Weilanwan was established on 6 March 2023 by certain members of the then management and key employees of Janbon Colloidal Materials as a long-term equity incentive platform under the 2023 Employee Shareholding Incentive Plan. Pursuant to the 2023 Employee Shareholding Incentive Plan, the subscription price at RMB1.00 per share for restricted shares was paid by the eligible participants to Jinan Weilanwan by the date agreed and contributed by the platform to Janbon Colloidal Materials on March 2023.

The discounted cash flow and equity allocation method are used to determine the underlying equity fair value of the Group. The key input into the model was the weighted average cost of capital (“WACC”), which was 15.9%. The fair value of each restricted share as at the grant date is RMB2.8.

Jinan Weilanwan held approximately 6.7592% shares of Janbon Colloidal Materials. These granted shares of Jinan Weilanwan will vest at the end of the 4-year service period from the date when grantees indirectly hold the equity of Janbon Colloidal Materials through the platform.

Pursuant to the shareholders’ resolution of Janbon Colloidal Materials dated 25 April 2025, the 2023 Employee Shareholding Incentive Plan has been terminated and replaced, collectively, by the shareholders agreement of Wonder Particle and Silver Ocean (collectively as the “BVI Employee Shareholding Platforms”). The shares will be vested to the later of (1) The second anniversary of the successful completion of the Company’s [REDACTED] (“[REDACTED]”) on the Stock Exchange and (2) the end of the 4-year service period from 31 March 2023. The Company issued 5,256,425 Ordinary Shares and 1,187,175 Ordinary Shares to Wonder Particle and Silver Ocean. After the Replacement, all restricted shares granted in 2023 were replaced by 6,443,600 restricted shares.

Pursuant to the shareholders’ resolution of Shandong Janbon Advanced Electronic Materials Co., Ltd. dated 20 May 2026, the shareholders agreement of Wonder Particle and Silver Ocean has been terminated and replaced by the 2026 Employee Shareholding Incentive Plan.

The Replacement did not change the classification of share-based payments as equity instruments. No additional share-based compensation expenses were recognised as there was no incremental fair value change immediately before and after the Replacement. Therefore, the replacement awards should be accounted for in the same way as original awards.

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The following restricted shares were outstanding under the Employee Shareholding Incentive Plan during the Relevant Periods:

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	<i>Number of shares</i>	<i>Number of shares</i>	<i>Number of shares</i>	<i>Number of shares</i>
At beginning of year/period	—	5,436,900	5,436,900	6,443,600
Granted during the year/period	5,436,900	—	—	—
Termination	—	—	(5,436,900)	(6,443,600)
Replacement	—	—	6,443,600	6,443,600
At end of year/period	<u>5,436,900</u>	<u>5,436,900</u>	<u>6,443,600</u>	<u>6,443,600</u>

During the years ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2026, share award expenses under the Employee Shareholding Incentive Plans of RMB2,038,000, RMB2,447,000, RMB2,447,000 and RMB1,019,000 were charged to profit or loss, respectively.

27. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(a) Merger reserve

The merger reserve of the Group represents the issued capital and the capital contributions from the equity holders of a subsidiary now comprising the Group before the completion of the establishment of historical offshore structure.

Pursuant to the equity transfer agreement dated 2 April 2025, the Company acquired the entire equity interest held by Mr. Chen in Janbon Colloidal Materials at a cash consideration of RMB126,478,430, the entire equity interest held by Jinan Weilanwan, at a cash consideration of RMB9,168,690, and the entire equity interest held by Xincheng Huizhi at a cash consideration of RMB6,644,297. The considerations for such equity transfers were determined with reference to the appraised net asset value of Janbon Colloidal Materials as of 31 October 2024.

As a result of the above transactions, the Group’s total equity decreased by approximately RMB142,291,417, which was regarded as a deemed distribution to shareholders.

(b) Equity-settled share award reserve

The share award reserve of the Group represents the fair value of equity-settled share-based payments as detailed in note 26.

(c) Surplus reserve

In accordance with the Company Law of the PRC, the subsidiary of the Group which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to its respective statutory surplus reserves until the reserves reach 50% of its respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

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The Company

A summary of the Company’s negative reserves is as follows:

	Surplus reserve <i>RMB’000</i>	Retained profits <i>RMB’000</i>	Total <i>RMB’000</i>
As at 25 February 2025	—	—	—
Profit for the period from 25 February 2025 to 31 December 2025	—	33,043	33,043
Transfer to surplus reserve	3,304	(3,304)	—
As at 31 December 2025	3,304	29,739	33,043
As at 1 January 2026	3,304	29,739	33,043
Loss for the period	—	(1,466)	(1,466)
As at 31 May 2026	3,304	28,273	31,577

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

- (i) During the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the Group endorsed certain Bank Bills in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts of nil, RMB227,406,000, RMB1,074,724,000 and RMB926,139,000, respectively.
- (ii) The Group discounted certain bills receivable to certain banks to collect cash timely. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank borrowings. As the Discounted Bills matured, the Group had non-cash settlements to bills receivable and bank borrowings of RMB130,074,000, RMB381,552,000, RMB116,498,000 and nil during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, respectively.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings <i>RMB’000</i>	Lease liabilities <i>RMB’000</i>	Accrued [REDACTED] <i>RMB’000</i>	Total <i>RMB’000</i>
At 1 January 2023	62,427	1,029	—	63,456
Changes from financing cash flows	214,357	(1,029)	—	213,328
Non-cash settlement	(130,074)	—	—	(130,074)
Interest expense (note 7)	5,006	—	—	5,006
At 31 December 2023	151,716	—	—	151,716
At 1 January 2024	151,716	—	—	151,716
Changes from financing cash flows	429,525	—	(535)	428,990
Changes from operating cash flows	—	—	(2,591)	(2,591)
Non-cash settlement	(381,552)	—	—	(381,552)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest expense (note 7)	6,571	—	—	6,571
At 31 December 2024	206,260	—	3,206	209,466
At 1 January 2025	206,260	—	3,206	209,466
Changes from financing cash flows	18,495	—	(2,174)	16,321
Changes from operating cash flows	—	—	(11,140)	(11,140)
Non-cash settlement	(116,498)	—	—	(116,498)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest expense (note 7)	3,613	—	—	3,613
At 31 December 2025	111,870	—	4,284	116,154

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	Interest-bearing bank borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Accrued [REDACTED] <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2026	111,870	—	4,284	116,154
Changes from financing cash flows	(113,281)	—	(483)	(113,764)
Changes from operating cash flows [REDACTED]	—	—	(2,199)	(2,199)
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest expense (note 7)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	1,411	—	—	1,411
At 31 May 2026	—	—	3,272	3,272

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

	Year ended 31 December			Five months ended 31 May	
	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>
Within operating activities	141	144	142	59	59
Within financing activities	1,029	—	—	—	—
Total	1,170	144	142	59	59

29. COMMITMENTS

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

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	7,237	5,400	—	187

30. RELATED PARTY TRANSACTIONS

(a) The Group had no transactions with related parties during the Relevant Periods and the five months ended 31 May 2025.

(b) Other transactions with related parties:

As at 31 December 2023:

- (i) Mr. Chen Zichun has guaranteed certain of the Group’s credit facilities amounting to RMB160,000,000;
- (ii) Mr. Chen Zichun has guaranteed certain of the Group’s bank loans amounting to RMB40,000,000 and has guaranteed and counter guaranteed certain of the Group’s bank loans amounting to RMB29,990,000, respectively.

As at 31 December 2024:

- (i) Mr. Chen Zichun has guaranteed certain of the Group’s credit facilities amounting to RMB160,000,000;
- (ii) Mr. Chen Zichun has guaranteed certain of the Group’s bank loans amounting to RMB60,000,000 and has guaranteed and counter guaranteed certain of the Group’s bank loans amounting to RMB29,990,000, respectively.

Mr. Chen Zichun’s guarantees as at 31 December 2023 and 2024 stated above had been released as of 31 December 2025 upon the settlement of bank loans and the expiration of credit facilities.

Further quantitative data is disclosed in note 24 to the Historical Financial Information.

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

The key management personnels during the Relevant Periods and the five months ended 31 May 2025 included two, two, three, three and two directors, respectively, details of whose compensation are set out in note 8 above. Details of the compensation for the remaining key management personnels of the Group during the Relevant Periods are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonuses, allowances and benefits in kind	1,204	1,542	2,296	759	854
Equity-settled share award expense	1,074	1,289	1,289	537	537
Pension scheme contributions	64	64	64	27	27
Total compensation paid to key management personnel	2,342	2,895	3,649	1,323	1,418

Further details of directors’ and the chief executive’s remuneration are included in note 8 to the Historical Financial Information.

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2023

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade and bills receivables	12,366	81,726	94,092
Financial assets included in prepayments, other receivables and other assets	71	—	71
Cash and cash equivalents	10,799	—	10,799
Total	23,236	81,726	104,962

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank borrowings	151,716
Financial liabilities included in other payables and accruals	1,977
Trade payables	391
Total	154,084

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As at 31 December 2024

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	—	175,421	175,421
Financial assets included in prepayments, other receivables and other assets	76	—	76
Pledge deposits	26,977	—	26,977
Cash and cash equivalents	29,447	—	29,447
Total	56,500	175,421	231,921

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Interest-bearing bank borrowings	206,260
Financial liabilities included in other payables and accruals	4,114
Trade and bills payables	57,753
Total	268,127

As at 31 December 2025

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	—	44,647	44,647
Financial assets included in prepayments, other receivables and other assets	80	—	80
Pledge deposits	86,640	—	86,640
Cash and cash equivalents	190,380	—	190,380
Total	277,100	44,647	321,747

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Interest-bearing bank borrowings	111,870
Financial liabilities included in other payables and accruals	4,728
Trade and bills payables	186,799
Total	303,397

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As at 31 May 2026

Financial assets

	Financial assets at amortised cost <i>RMB'000</i>	Financial assets at fair value through profit or loss <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills receivables	—	79,764	79,764
Financial assets included in prepayments, other receivables and other assets	1,022	—	1,022
Pledge deposits	126,940	—	126,940
Cash and cash equivalents	178,492	—	178,492
Total	306,454	79,764	386,218

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Financial liabilities included in other payables and accruals	3,784
Trade and bills payables	325,337
Total	329,121

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to the carrying amounts.

The Group’s finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the financial controller. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

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

The fair values of bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value during each of the Relevant Periods were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>	
Bills receivable	81,726	—	81,726	

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As at 31 December 2024

Quoted prices in active markets (Level 1)	Fair value measurement using		Total
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	—	175,421	175,421

As at 31 December 2025

Quoted prices in active markets (Level 1)	Fair value measurement using		Total
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	—	44,647	44,647

As at 31 May 2026

Quoted prices in active markets (Level 1)	Fair value measurement using		Total
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	—	79,764	79,764

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors meet periodically to analyse and formulate measures to manage the Group’s exposure to these risks.

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade and bills receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent the Group’s maximum exposure to credit risk in relation to financial assets.

The Group trades mainly with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

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Maximum exposure and period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and period-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000	Simplified approach RMB’000	
Trade receivables*	—	—	—	13,017	13,017
Financial assets included in prepayments, other receivables and other assets — Normal**	71	—	—	—	71
Cash and cash equivalents	10,799	—	—	—	10,799
Total	10,870	—	—	13,017	23,887

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000	Simplified approach RMB’000	
Trade receivables*	—	—	—	—	—
Financial assets included in prepayments, other receivables and other assets — Normal**	76	—	—	—	76
Pledged deposits	26,977	—	—	—	26,977
Cash and cash equivalents	29,447	—	—	—	29,447
Total	56,500	—	—	—	56,500

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000	Simplified approach RMB’000	
Trade receivables*	—	—	—	—	—
Financial assets included in prepayments, other receivables and other assets — Normal**	80	—	—	—	80
Pledged deposits	86,640	—	—	—	86,640
Cash and cash equivalents	190,380	—	—	—	190,380
Total	277,100	—	—	—	277,100

As at 31 May 2026

	12-month ECLs	Lifetime ECLs			Total
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000	Simplified approach RMB’000	
Trade receivables*	—	—	—	—	—
Financial assets included in prepayments, other receivables and other assets — Normal**	1,022	—	—	—	1,022
Pledged deposits	126,940	—	—	—	126,940
Cash and cash equivalents	178,492	—	—	—	178,492
Total	306,454	—	—	—	306,454

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* For trade receivables to which the Group applies the simplified approach for impairment information based on the estimated loss rate are disclosed in note 19 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information. During the years ended 31 December 2023, 2024 and 2025 and 31 May 2026, the Group had certain concentrations of credit risk as 100%, nil, nil and nil of the Group’s trade receivables were due from the Group’s five largest customers, respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

As at 31 December 2023					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank borrowings	—	153,277	—	—	153,277
Trade payables	—	391	—	—	391
Financial liabilities included in other payables and accruals	1,977	—	—	—	1,977
Total	1,977	153,668	—	—	155,645
As at 31 December 2024					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank borrowings	—	207,711	—	—	207,711
Trade and bills payables	—	57,753	—	—	57,753
Financial liabilities included in other payables and accruals	4,114	—	—	—	4,114
Total	4,114	265,464	—	—	269,578
As at 31 December 2025					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank borrowings	—	5,733	113,557	—	119,290
Trade and bills payables	—	186,799	—	—	186,799
Financial liabilities included in other payables and accruals	4,728	—	—	—	4,728
Total	4,728	192,532	113,557	—	310,817
As at 31 May 2026					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills payables	—	325,337	—	—	325,337
Financial liabilities included in other payables and accruals	3,784	—	—	—	3,784
Total	3,784	325,337	—	—	329,121

Capital management

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

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

The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes trade and bills payables, payroll payable, accrued [REDACTED], deposit and other payables, and interest-bearing bank borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings (note 24)	151,716	206,260	111,870	—
Trade and bills payables (note 22)	391	57,753	186,799	325,337
Payroll payable, accrued [REDACTED], deposit and other payables (note 23)	5,469	7,445	12,800	6,596
Debt	157,576	271,458	311,469	331,933
Total asset	255,705	427,931	522,929	694,436
Gearing ratio	62%	63%	60%	48%

34. EVENTS AFTER THE REPORTING PERIOD

On 9 June 2026, the Company was converted to a joint stock limited liability company and the registered capital of the Company was RMB121,773,015, which was divided into 121,773,015 shares, with a nominal value of RMB1.00 per share.

On 6 July 2026, Janbon HK, the shareholder of the Company, entered into a share transfer agreement with Emerald Investment Limited, AV China Holdings PCC Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited. Janbon HK agreed to transfer 6,076,473 Shares, 6,076,473 Shares, 5,966,879 Shares and 3,653,190 Shares in the Company to Emerald Investment Limited, AV China Holdings PCC Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited.

On 6 July 2026, the Company and its shareholders Mr. Chen Zichun, Jinan Weilanwan, Xinchun Huizhi, Emerald Investment Limited, AV China Holdings PCC Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited executed a shareholders’ agreement. Certain redemption and other preferential rights are granted to Emerald Investment Limited, AV China Holdings PCC Limited, Capital Ally Holdings Limited and Prospect Investment (BVI) Limited and these shall automatically terminate and cease to have effect upon the Company’s listing.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or its subsidiary in respect of any period subsequent to 31 May 2026.