

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages [●] to [●] received from the Company’s reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to Huatai Financial Holdings (Hong Kong) Limited pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.



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

Introduction

We report on the historical financial information of Guangdong Topstar Technology Co., Ltd (廣東拓斯達科技股份有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-94, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024, 2025 and March 31, 2026, the statements of financial position of the Company as at December 31, 2023, 2024, 2025 and March 31, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 and the period ended March 31, 2026 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-94 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “**Document**”) in connection with the initial [REDACTED] of H-shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose

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of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at December 31, 2023, 2024, 2025 and March 31, 2026, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended March 31, 2025 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. 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” 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 preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about dividend declared or paid by the Company in respect of the Track Record Period.

BDO Limited

Certified Public Accountants

[●]

Practising Certificate Number [●]

Hong Kong

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing 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

	<i>Notes</i>	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
REVENUE	7	4,552,706	2,871,636	2,510,081	362,014	537,683
Cost of sales		(3,749,547)	(2,452,530)	(1,800,860)	(245,754)	(362,974)
Gross profit		803,159	419,106	709,221	116,260	174,709
Other income and gains	8	63,540	48,598	59,893	8,600	21,989
Selling and distribution expenses . . .		(211,257)	(186,712)	(187,033)	(38,566)	(57,354)
Research and development costs		(137,997)	(109,170)	(130,352)	(24,436)	(30,912)
Administrative expenses		(201,210)	(211,824)	(242,845)	(39,324)	(52,764)
(Provision for)/reversal of expected credit loss (“ECL”)	10	(65,740)	(86,895)	(59,115)	(7,359)	13,932
Other expenses		(66,278)	(58,973)	(50,922)	(5,231)	(6,529)
Finance cost	9	(59,751)	(60,024)	(21,864)	(7,775)	(4,636)
Share of result of associates		(164)	(942)	203	(237)	(2,765)
PROFIT/(LOSS) BEFORE TAX . . .	10	124,302	(246,836)	77,186	1,932	55,670
Income tax (expenses)/credit	11	(18,310)	7,884	(4,045)	(2,730)	(12,825)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		<u>105,992</u>	<u>(238,952)</u>	<u>73,141</u>	<u>(798)</u>	<u>42,845</u>
Profit/(loss) for the year/period attributable to:						
Equity shareholders of the Company .		88,033	(245,241)	73,872	3,854	48,083
Non-controlling interests	38	17,959	6,289	(731)	(4,652)	(5,238)
		<u>105,992</u>	<u>(238,952)</u>	<u>73,141</u>	<u>(798)</u>	<u>42,845</u>

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	<i>Notes</i>	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
OTHER COMPREHENSIVE INCOME/(LOSS)						
Item that may be reclassified or is subsequently reclassified to profit or loss:						
– Exchange differences on translation of overseas subsidiaries and associates		1,515	313	(4,764)	(563)	(4,859)
Other comprehensive income/(loss) for the year/period		1,515	313	(4,764)	(563)	(4,859)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		<u>107,507</u>	<u>(238,639)</u>	<u>68,377</u>	<u>(1,361)</u>	<u>37,986</u>
Total comprehensive income/(loss) for the year/period attributable to:						
Owners of the Company		89,548	(244,928)	69,108	3,291	43,224
Non-controlling interests	38	17,959	6,289	(731)	(4,652)	(5,238)
		<u>107,507</u>	<u>(238,639)</u>	<u>68,377</u>	<u>(1,361)</u>	<u>37,986</u>
Earnings/(loss) per share (RMB) attributable to owners of the Company						
Basic and diluted	13	0.21	(0.58)	0.16	0.01	0.10

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at December 31,			As at
		2023	2024	2025	March 31,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2026
					<i>RMB'000</i>
ASSETS AND LIABILITIES					
Non-current assets					
Investments in associates	15	4,744	3,784	3,987	9,327
Property, plant and equipment	16	1,056,396	981,154	941,792	942,226
Right-of-use assets	19	300,723	241,435	218,312	217,134
Goodwill	18	85,232	70,505	49,026	49,026
Intangible assets	17	51,525	31,879	25,065	23,631
Investment properties	20	-	270,234	424,210	420,391
Trade receivables	24	18,475	29,367	11,912	7,000
Financial assets at fair value through profit or loss	21	6,149	300	352	54,419
Deferred tax assets	22	116,854	145,396	157,202	146,339
Total non-current assets		1,640,098	1,774,054	1,831,858	1,869,493
Current assets					
Inventories and other contract costs	23	699,206	630,050	918,209	935,847
Trade and bills receivables	24	2,346,160	1,439,795	1,189,975	1,208,477
Contract assets	32	597,473	672,558	616,122	455,656
Prepayments and other receivables	25	265,493	259,310	328,878	322,619
Financial assets at fair value through profit or loss	21	297,857	337,775	40,003	234,815
Restricted deposits	26	287,686	116,728	171,905	120,655
Cash and cash equivalents	26	959,272	705,402	1,120,176	819,790
Total current assets		5,453,147	4,161,618	4,385,268	4,097,859
Current liabilities					
Trade and bills payables	27	1,869,403	1,419,935	1,479,061	1,246,880
Other payables and accruals	28	487,627	412,502	468,021	408,107
Contract liabilities	32	490,106	325,375	556,339	509,505
Lease liabilities	33	8,567	1,303	2,428	2,460
Borrowings	29	655,448	543,398	268,102	336,645
Current tax liabilities		51,576	37,033	46,261	46,892
Total current liabilities		3,562,727	2,739,546	2,820,212	2,550,489
Net current assets		1,890,420	1,422,072	1,565,056	1,547,370
TOTAL ASSETS LESS CURRENT LIABILITIES					
		3,530,518	3,196,126	3,396,914	3,416,863

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	<i>Notes</i>	As at December 31,			As at March 31,
		2023	2024	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities					
Borrowings	29	270,308	252,600	355,112	328,716
Convertible bonds	30	651,300	—	—	—
Lease liabilities	33	30,494	2,010	2,267	2,299
Deferred income	31	17,765	16,413	14,715	13,381
Provisions	34	36,386	21,067	27,578	31,143
Deferred tax liabilities	22	9,128	8,863	7,992	7,773
Total non-current liabilities		<u>1,015,381</u>	<u>300,953</u>	<u>407,664</u>	<u>383,312</u>
NET ASSETS		<u>2,515,137</u>	<u>2,895,173</u>	<u>2,989,250</u>	<u>3,033,551</u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	35	424,830	476,972	476,972	476,972
Reserves	36	<u>1,986,222</u>	<u>2,319,639</u>	<u>2,391,881</u>	<u>2,441,242</u>
		2,411,052	2,796,611	2,868,853	2,918,214
Non-controlling interests	38	<u>104,085</u>	<u>98,562</u>	<u>120,397</u>	<u>115,337</u>
TOTAL EQUITY		<u>2,515,137</u>	<u>2,895,173</u>	<u>2,989,250</u>	<u>3,033,551</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at March 31,
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Investments in associates	15	4,744	3,784	3,987	3,536
Property, plant and equipment	16	462,933	615,667	512,357	506,653
Right-of-use assets	19	204,151	189,175	165,095	164,145
Intangible assets	17	12,251	4,504	2,981	2,612
Investment properties	20	—	—	162,932	161,295
Investments in subsidiaries	40	1,497,736	1,459,946	1,481,946	1,431,946
Trade receivables	24	570	1,954	—	—
Amounts due from subsidiaries	40	—	19,282	16,660	15,988
Financial assets at fair value through profit or loss	21	5,323	—	—	54,100
Deferred tax assets	22	40,593	46,338	42,252	39,236
Total non-current assets		2,228,301	2,340,650	2,388,210	2,379,511
Current assets					
Inventories and other contract costs . . .	23	268,429	151,991	159,733	170,377
Trade and bill receivables	24	1,116,985	548,824	479,785	501,224
Contract assets	32	47,940	87,500	61,561	56,666
Prepayments and other receivables	25	79,663	52,644	73,544	100,767
Amounts due from subsidiaries	40	771,490	918,309	1,127,554	1,253,862
Financial assets at fair value through profit or loss	21	—	70,138	—	40,030
Restricted deposits	26	155,787	64,420	117,212	54,782
Cash and cash equivalents	26	709,610	386,400	440,666	339,587
Total current assets		3,149,904	2,280,226	2,460,055	2,517,295

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		As at December 31,			As at March 31,
		2023	2024	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and bills payables	27	432,158	280,197	256,456	213,716
Other payables and accruals	28	243,302	231,123	210,531	172,136
Amounts due to subsidiaries	40	1,063,077	764,788	949,041	1,111,953
Contract liabilities	32	243,313	231,928	423,724	331,594
Lease liabilities	33	1,962	176	229	230
Borrowings	29	474,770	279,919	65,497	132,822
Total current liabilities		2,458,582	1,788,131	1,905,478	1,962,451
Net current assets		691,322	492,095	554,577	554,844
TOTAL ASSETS LESS CURRENT LIABILITIES					
		2,919,623	2,832,745	2,942,787	2,934,355
Non-current liabilities					
Borrowings	29	261,520	233,942	304,589	272,073
Convertible bonds	30	651,300	—	—	—
Lease liabilities	33	9,996	—	157	99
Deferred income	31	17,765	16,413	14,694	13,360
Provisions	34	18,552	12,894	10,949	17,567
Total non-current liabilities		959,133	263,249	330,389	303,099
NET ASSETS		1,960,490	2,569,496	2,612,398	2,631,256
EQUITY					
Share capital	35	424,830	476,972	476,972	476,972
Reserves	36	1,535,660	2,092,524	2,135,426	2,154,284
TOTAL EQUITY		1,960,490	2,569,496	2,612,398	2,631,256

Equity attributable to owners of the Company

	Shares held under the share incentive scheme*							Non-controlling interests	Total equity
	Share capital	Capital reserve*	Other equity instrument*		Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	
	RMB'000 (Note 35)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 38)	RMB'000
Balance at January 1, 2023	425,419	720,925	78,306	(34,348)	114,881	9,530	1,032,226	2,346,939	2,408,529
Profit for the year	–	–	–	–	–	–	88,033	17,959	105,992
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–
Exchange difference on translation	–	–	–	–	–	1,515	–	1,515	1,515
Total comprehensive income for the year	–	–	–	–	–	1,515	88,033	17,959	107,507
Conversion of bonds (Note 30)	–	8	(1)	–	–	–	–	7	7
Cancellation of shares (Note 35)	(589)	(3,725)	–	4,314	–	–	–	–	–
Partial disposal of subsidiaries (Note 38)	–	7,112	–	–	–	–	–	7,112	31,900
Share-based compensation (Note 37)	–	2,420	–	–	–	–	–	2,420	3,570
Acquisition of treasury shares	–	–	–	(4,968)	–	–	–	(4,968)	(4,968)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(1,402)	(1,402)
Dividend recognised as distribution (Note 12)	–	–	–	–	–	–	(30,006)	(30,006)	(30,006)

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	Equity attributable to owners of the Company							
	Shares held under the share incentive scheme*							Non-controlling interests
	Share capital	Capital reserve*	Other equity instrument*	Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	
	<i>RMB'000</i> <i>(Note 35)</i>	<i>RMB'000</i> <i>(Note 36)</i>	<i>RMB'000</i> <i>(Note 36)</i>	<i>RMB'000</i> <i>(Note 36)</i>	<i>RMB'000</i> <i>(Note 36)</i>	<i>RMB'000</i> <i>(Note 36)</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note 38)</i>
Balance at December 31, 2023 and January 1, 2024	424,830	726,740	78,305	114,881	11,045	1,090,253	2,411,052	104,085
(Loss)/profit for the year	–	–	–	–	–	(245,241)	(245,241)	6,289
Other comprehensive (loss)/income for the year	–	–	–	–	–	–	–	–
Exchange difference on translation	–	–	–	–	313	–	313	–
Total comprehensive income for the year	–	–	–	–	313	(245,241)	(244,928)	6,289
Conversion of bonds (<i>Note 30</i>)	52,142	701,315	(78,305)	–	–	–	675,152	–
Additional interests in subsidiaries (<i>Note 38</i>)	–	(8,119)	–	–	–	–	(8,119)	(11,443)
Dissolution of a subsidiary	–	(376)	–	–	–	–	(376)	(1,384)
Share-based compensation (<i>Note 37</i>)	–	3,072	–	–	–	–	3,072	2,180
Acquisition of treasury shares	–	–	–	(21,131)	–	–	(21,131)	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(1,165)
Dividend recognised as distribution (<i>Note 12</i>)	–	–	–	–	–	(18,111)	(18,111)	–
Balance at December 31, 2024 and January 1, 2025	476,972	1,422,632	–	114,881	11,358	826,901	2,796,611	98,562
				(56,133)				2,895,173

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Equity attributable to owners of the Company									
	Shares held under								
	Share capital	Capital reserve*	Other equity instrument*	the share incentive scheme*	Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	Non-controlling interests
	RMB'000 (Note 35)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 36)	RMB'000 (Note 38)
Profit/(loss) for the year	–	–	–	–	–	–	73,872	73,872	(731)
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–
Exchange difference on translation . . .	–	–	–	–	–	(4,764)	–	(4,764)	–
Total comprehensive (loss)/income for the year	–	–	–	–	–	(4,764)	73,872	69,108	(731)
Capital contribution by a non-controlling shareholder	–	–	–	–	–	–	–	–	20,000
Share-based compensation (Note 37) . .	–	3,134	–	–	–	–	–	3,134	2,988
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(422)
Appropriation to statutory reserve . . .	–	–	–	–	4,322	–	(4,322)	–	–
Balance at December 31, 2025	476,972	1,425,766	–	(56,133)	119,203	6,594	896,451	2,868,853	120,397
Balance at January 1, 2026	476,972	1,425,766	–	(56,133)	119,203	6,594	896,451	2,868,853	120,397
Profit/(loss) for the period.	–	–	–	–	–	–	48,083	48,083	(5,238)
Other comprehensive (loss)/income for the period.	–	–	–	–	–	–	–	–	–
Exchange difference on translation. . . .	–	–	–	–	–	(4,859)	–	(4,859)	–

* These reserve accounts comprise the consolidated reserves as at December 31, 2023, 2024 and March 31, 2026 in the consolidated statements of financial position.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>				
Cash flows from operating activities					
Profit/(loss) before tax	124,302	(246,836)	77,186	1,932	55,670
Adjustments for:					
Share-based compensation	3,570	5,252	6,122	1,547	6,535
Share of profit or losses of associates	164	942	(203)	237	2,765
Depreciation of property, plant and equipment	33,679	39,888	45,780	10,343	13,673
Depreciation of investment properties	–	–	11,092	2,220	3,819
Amortisation of intangible assets	7,825	12,836	8,272	1,789	1,434
Depreciation for right-of-use assets	16,250	13,404	6,492	1,766	1,806
Fair value gains on financial assets at fair value through profit or loss	(6,803)	(7,058)	(4,795)	(1,256)	(12,907)
Loss/(gain) on early termination of leases	245	(105)	(50)	(1,782)	(11)
Loss/(gain) on disposal of property, plant and equipment, net	3	2,302	179	(25)	(219)
Written down of inventories	31,531	35,773	20,189	5,335	4,819
Impairment of goodwill	20,780	14,727	21,479	–	–
Impairment of intangible assets	–	7,486	–	–	–
Interest income	(19,632)	(16,534)	(18,866)	(3,027)	(4,798)
Finance costs	59,751	60,024	21,864	7,775	4,636
Provision for/(reversal of) ECL	65,740	86,895	59,115	7,359	(13,932)
Operating profit before working capital changes	337,405	8,996	253,856	34,213	63,290
Decrease/(increase) in inventories	515,640	33,383	(329,632)	(85,097)	(26,384)
(Increase)/decrease in trade and bills receivables	(225,464)	884,300	197,227	180,935	(33,286)
(Increase)/decrease in contract assets	(315,441)	(146,041)	69,561	73,247	158,273
(Increase)/decrease in prepayments and other receivables	(31,474)	3,489	(69,857)	(25,672)	5,705
Increase/(decrease) in trade and bills payables	187,013	(449,468)	59,126	(261,082)	(232,181)
Increase/(decrease) in other payables and accruals	6,000	14,010	19,785	(53,987)	(19,044)
Increase/(decrease) in provision	2,861	(15,319)	6,511	(2,749)	3,565
(Decrease)/increase in contract liabilities	(148,381)	(164,731)	230,964	83,471	(46,834)
Increase/(decrease) in deferred income	3,568	(1,352)	(1,698)	(962)	(1,334)
Cash generated from/(used in) operations	331,727	167,267	435,843	(57,683)	(128,230)
Income tax paid	(54,374)	(35,489)	(7,494)	(1,601)	(1,550)
Net cash generated from/(used in) operating activities	<u>277,353</u>	<u>131,778</u>	<u>428,349</u>	<u>(59,284)</u>	<u>(129,780)</u>

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	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(Unaudited)</i>				
Cash flows from investing activities					
Purchase of property, plant and equipment	(194,650)	(272,548)	(127,610)	(15,930)	(10,465)
Proceeds from disposal of property, plant and equipment	128	855	224	130	504
Payment for acquisition of an associate	–	–	–	–	(7,774)
Purchase of intangible assets	(1,949)	(677)	(1,461)	–	–
Purchases of financial asset investments	(841,017)	(1,532,816)	(1,694,200)	(570,000)	(662,380)
Disposal of financial asset investments	845,857	1,466,366	1,998,280	627,162	462,483
Placement of restricted deposits	(367,504)	(370,744)	(213,832)	(2,258)	(52,684)
Release of restricted deposits	257,968	541,540	162,596	58,359	74,020
Interest received	19,632	16,534	18,866	3,027	4,798
Net cash (used in)/generated from investing activities	<u>(281,535)</u>	<u>(151,490)</u>	<u>142,863</u>	<u>100,490</u>	<u>(191,498)</u>
Cash flows from financing activities					
Proceeds from bank and other borrowings	919,285	763,084	702,871	448,658	117,800
Repayments of bank and other borrowings. . . .	(785,389)	(897,276)	(875,421)	(97,703)	(75,686)
Redemption of convertible bonds	–	(2,296)	–	–	–
Dividends	(30,006)	(18,111)	–	–	–
Dividends paid to non-controlling interests	(1,402)	(1,165)	(422)	–	(220)
Capital contribution from non-controlling interests	31,900	–	20,000	–	–
Acquisition of non-controlling interests	–	(19,562)	–	–	–
Dissolution of a subsidiary	–	(1,760)	–	–	–
Repayments of lease liabilities	(12,246)	(7,772)	(3,398)	(652)	(924)
Acquisition of treasury shares	(4,968)	(21,131)	–	–	–
Proceed received in advance for share subscription	–	–	30,231	–	1,427
Share issue costs paid.	–	–	(1,903)	–	(12,083)
Interest paid	<u>(37,224)</u>	<u>(30,208)</u>	<u>(23,976)</u>	<u>(8,349)</u>	<u>(4,210)</u>
Net cash generated from/(used in) financing activities	<u>79,950</u>	<u>(236,197)</u>	<u>(152,018)</u>	<u>341,954</u>	<u>26,104</u>
Net increase/(decrease) in cash and cash equivalents	75,768	(255,909)	419,194	383,160	(295,174)
Cash and cash equivalents at the beginning of the year/period	878,548	959,272	705,402	705,402	1,120,176
Exchange differences on cash and cash equivalents	<u>4,956</u>	<u>2,039</u>	<u>(4,420)</u>	<u>(565)</u>	<u>(5,212)</u>
Cash and cash equivalents at the end of the year/period	<u>959,272</u>	<u>705,402</u>	<u>1,120,176</u>	<u>1,087,997</u>	<u>819,790</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in Dongguan, Guangdong Province, the People’s Republic of China (the “Chinese Mainland”) on June 1, 2007 as a limited liability company. The Company’s A shares have been listed on the Shenzhen Stock Exchange under the stock code 300607 since February 9, 2017. The registered office address and principal place of business of the Company are located at No. 35, Lianhuan Road, Dalingshan Town, Dongguan City, Guangdong Province, the Chinese Mainland.

The Group are principally engaged in (i) the manufacturing and selling of (a) industrial robots and automation systems; (b) injection molding equipment; (c) intelligent energy and environmental projects; and (d) computer numerical control machining centers; and (ii) the leasing of properties.

Particulars of the Company’s subsidiaries at the date of this report are as follows:

Name of subsidiaries	Date and place of incorporation/ establishment	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Topstar Software Technology (Dongguan) Co., Ltd.* ^{(1), (2)} (“拓斯達軟件技術(東莞)有限公司”) . . .	22 March 2013/ Chinese Mainland	Chinese Mainland	RMB1,425,100	100	–	Administrative and building management
Guangdong Tuolian Technology Co., Ltd.* ⁽⁹⁾ (“廣東拓聯科技有限公司”)	13 April 2017/ Chinese Mainland	Chinese Mainland	RMB6,000,000	100	–	Wholesale and retail trade
Jiangsu Topstar Robot Co., Ltd.* ^{(1), (2), (3)} (“江蘇拓斯達機器人有限公司”)	27 May 2017/ Chinese Mainland	Chinese Mainland	RMB500,000	100	–	Wholesale, retail trade and leasing services
Topstar Robot Technology (Suzhou) Co., Ltd.* ⁽¹⁾ (“拓斯達機器人科技(蘇州)有限公司”) . . .	14 September 2017/ Chinese Mainland	Chinese Mainland	RMB1,000,000	100	–	Wholesale and retail trade
Ningbo Tuochen Robot Technology Co., Ltd.* ⁽⁹⁾ (“寧波拓晨機器人科技有限公司”)	22 September 2017/ Chinese Mainland	Chinese Mainland	RMB1,000,000	100	–	Wholesale and retail trade
Dongguan Topstar Technology Co., Ltd.* ^{(2), (3)} (“東莞拓斯達技術有限公司”)	11 August 2017/ Chinese Mainland	Chinese Mainland	RMB520,000,000	100	–	Equity investment and leasing services
Dongguan Tuosi Beida Energy Saving Technology Co., Ltd.* ⁽⁹⁾ (“東莞拓斯倍達節能科技有限公司”) . . .	24 May 2018/ Chinese Mainland	Chinese Mainland	RMB1,500,000	–	70	Production and manufacturing
Dongguan Topstar Intelligent Clean Technology Co., Ltd.* ^{(2), (3)} (“東莞市拓斯達智能潔淨技術有限公司”) . . .	20 December 2019/ Chinese Mainland	Chinese Mainland	RMB10,000,000	–	55	Production and manufacturing
Suzhou Topstar Intelligent Equipment Co., Ltd.* ^{(1), (2)} (“蘇州拓斯達智能裝備有限公司”)	20 February 2020/ Chinese Mainland	Chinese Mainland	RMB30,000,000	–	100	Production and manufacturing
Dongguan Topstar Intelligent Clean Technology Co., Ltd.* ^{(2), (3)} (“東莞拓斯達智能系統技術有限公司”) . . .	24 April 2020/ Chinese Mainland	Chinese Mainland	RMB12,500,000	–	80	Production and manufacturing
Topstar Worldwide Group Limited* ⁽⁴⁾ (“拓斯達環球集團有限公司”)	13 November 2017/ Hong Kong	Hong Kong	HKD5,000,000	100	–	Wholesale and retail trade of the Group’s all types of products
Topstar (Vietnam) Technology Company Limited* ^{(5), (6)} (“拓斯達(越南)科技有限公司”)	29 November 2019/ Vietnam	Vietnam	VND82,670,500,560	–	100	Wholesale and retail trade of the Group’s all types of products
Topstar Intelligent Technology (Dongguan) Co., Ltd.* ^{(1), (2), (3)} (“拓斯達智能科技(東莞)有限公司”) . . .	27 February 2012/ Chinese Mainland	Chinese Mainland	RMB7,002,700	100	–	Production, manufacturing, sales and delivery of automation systems
Dongguan Topstar Intelligent Environment Technology Co., Ltd.* ^{(1), (2), (3)} (“東莞拓斯達智能環境技術有限公司”) . . .	21 May 2018/ Chinese Mainland	Chinese Mainland	RMB100,000,000	100	–	Sales, building and installation of intelligent energy and environmental projects
Dongguan Topstar Intelligent Equipment Co., Ltd.* ^{(1), (2), (3)} (“東莞拓斯達智能裝備有限公司”)	1 June 2018/ Chinese Mainland	Chinese Mainland	RMB100,000,000	100	–	Production and manufacturing

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Name of subsidiaries	Date and place of incorporation/ establishment	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Tuochen Technology Co., Ltd.* ⁽⁹⁾ (“北京拓晨科技有限公司”)	22 June 2021/ Chinese Mainland	Chinese Mainland	RMB1,000,000	–	100	Wholesale and retail trade
Topstar Tech Pte. Ltd.* ⁽⁹⁾ (“拓斯達科技有限公司 (新加坡)”)	6 April 2021/ Singapore	Singapore	USD500,000	–	100	Equity investment
PT Topstar Indonesia Technology* ⁽⁷⁾ (“拓斯達 (印尼) 科技有限公司”)	19 June 2023/ Indonesia	Indonesia	IDR10,001,000,000	–	67	Building and installation industry
Dongguan AFMING Numerical Control Equipment Technology Co., Ltd.* ^{(1), (2), (3)} (“東莞市埃弗米數控設備科技有限公司”) (“AFMING”)	17 June 2015/ Chinese Mainland	Chinese Mainland	RMB35,514,733	53.6	–	R&D, production, manufacturing, wholesale and retail trade of CNC machine tools
Dongguan AFMING Precision CNC Machine Tool Co., Ltd.* ⁽⁹⁾ (“東莞市埃弗米精密數控機床有限公司”)	2 January 2024/ Chinese Mainland	Chinese Mainland	RMB10,000,000	–	53.6	Production and manufacturing, wholesale and retail trade
Jiangxi Topstar Technology Co., Ltd.* ⁽⁹⁾ (“江西拓斯達科技有限公司”)	14 September 2022/ Chinese Mainland	Chinese Mainland	RMB5,000,000	–	100	Wholesale and retail trade
Jiangsu Topstar Intelligent Environment Technology Co., Ltd.* ^{(1), (2), (3)} (“江蘇拓斯達智能環境科技有限公司”)	30 June 2021/ Chinese Mainland	Chinese Mainland	RMB42,140,000	–	100	Sales, building and installation of intelligent energy and environmental projects
Topstar Technology (Malaysia) Sdn. Bhd.* ⁽⁹⁾ (“拓斯達 (馬來西亞) 科技有限公司”)	8 May 2023/ Malaysia	Malaysia	RM750,000	–	100	Inactive
Topstar Mexico Technology, S.A. DE C.V.* ⁽⁹⁾ (“拓斯達 (墨西哥) 科技有限公司”)	2 October 2023/ Mexico	Mexico	MXN3,095,433	–	100	Wholesale and retail trade
Thai Topstar Technology Co., Ltd.* ⁽⁹⁾ (“拓斯達 (泰國) 科技有限公司”)	7 July 2023/ Thailand	Thailand	THB 10,000,000	–	49	Inactive
Matrix Intelligent Control Technology (Dongguan) Co., Ltd.* ⁽⁹⁾ (“矩陣智控技術 (東莞) 有限公司”)	27 November 2024/ Chinese Mainland	Chinese Mainland	RMB2,000,000	–	70	Research and experimental development
Guangdong Matrix Zhituo Technology Co., Ltd.* ⁽⁹⁾ (“廣東矩陣智拓科技有限公司”)	12 March 2025/ Chinese Mainland	Chinese Mainland	RMB50,000,000	51	–	Research and experimental development
Everson (Beijing) Software Technology Co., Ltd.* ⁽⁹⁾ (“埃弗生 (北京) 軟件技術有限公司”)	15 January 2025/ Chinese Mainland	Chinese Mainland	RMB1,000,000	–	53.6	Research and experimental development
Guangdong Matrix Huatuo Technology Co., Ltd.* ⁽⁹⁾ (“廣東矩陣華拓科技有限公司”)	27 May 2025/ Chinese Mainland	Chinese Mainland	RMB6,000,000	100	–	Research and experimental development

- (1) The statutory financial statements of these subsidiaries for the year ended December 31, 2023 were prepared in accordance with the relevant accounting principles and financial regulations in Chinese Mainland and were audited by BDO China Shu Lum Pan CPAs LLP, Shenzhen Branch.
- (2) The statutory financial statements of these subsidiaries for the year ended December 31, 2024 were prepared in accordance with the relevant accounting principles and financial regulations in Chinese Mainland and were audited by BDO China Shu Lum Pan CPAs LLP, Shenzhen Branch.
- (3) The statutory financial statements of these subsidiaries for the year ended December 31, 2025 were prepared in accordance with the relevant accounting principles and financial regulations in Chinese Mainland and were audited by BDO China Shu Lum Pan CPAs LLP, Shenzhen Branch.
- (4) The statutory financial statements of this subsidiary for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities and were audited by General Accounting CPA Limited.
- (5) The statutory financial statements of this subsidiary for the year ended December 31, 2023 was prepared in accordance with the relevant accounting principles and financial regulations in Vietnam and were audited by Ping An Auditing & Consulting Co., Ltd.
- (6) The statutory financial statements of this subsidiary for the years ended December 31, 2024 and 2025 were prepared in accordance with the relevant accounting principles and financial regulations in Vietnam and were audited by Ha Thanh Auditing Company Limited.

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- (7) No statutory financial statements have been prepared for the years ended December 31, 2023 and December, 31 2024, as there is no annual statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation. The statutory financial statements of this subsidiary for the year ended December 31, 2025 were prepared in accordance with the relevant accounting principles and financial regulations in Indonesia and were audited by Annatasia Dan Rekan.
- (8) None of the subsidiaries had issued any debt securities at the end of each reporting period during the Track Record Period.
- (9) No statutory financial statements have been prepared for these entities since incorporation, as these entities were not subject to annual statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation.
- * The English translation of terms or names in Chinese which are marked with “*” is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Historical Financial Information has been prepared based on accounting policies set out in Note 4 which confirm with HKFRS Accounting Standards. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

For the purpose of preparing and presenting the Historical Financial Information, all HKFRS Accounting Standards that are effective for the accounting period commencing from January 1, 2026 have been adopted by the Group consistently throughout the Track Record Period.

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5 below.

2.2 Basis of measurement

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the material accounting policy information set out below.

2.3 Functional and presentation currency

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company.

3. NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or revised HKFRS Accounting Standards, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to HKAS 21	Translation to a Hyperinflation presentation currency ²

¹ No mandatory effective date yet determined but available for adoption

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

The Group is in the process of making a detailed assessment of the impact of these new or amended HKFRS Accounting Standards upon initial application, so far, the Group considers that these new or amended HKFRS Accounting Standards, is unlikely to have a significant impact on the consolidated financial statements of the Group, except for HKFRS 18 with details as set out below.

HKFRS 18 Presentation and Disclosure in Financial Statements aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. The standard will change how companies present their results on the face of the income statement and disclose information in the notes to the financial statements. Certain ‘non-GAAP’ measures — management performance measures (MPMs) — will now form part of the audited financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. The effective date is 1 January 2027 and early adoption is permitted. The directors of the Company anticipate that the application of HKFRS 18 has no impact on the Group’s financial positions and performance in foreseeable future, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

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4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) comprising the Group for the Track Record Period.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including:

The size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights

- Substantive potential voting rights held by the Group and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made to the financial statements of subsidiaries where necessary to ensure consistency with the policies adopted by the Group.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statements of financial position, investment in a subsidiary is stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

4.3 Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that

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would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from the sales of industrial robots and automation systems; injection molding equipment; and computer numerical control machining centers is recognised at a point in time when the products are delivered to the customers’ designated locations and the customers confirm the acceptance of the products.

The Group engages in intelligent energy and environmental projects to its customers which encompass the rendering of a combination of hardware and engineering design and development service. These sales contracts that the Group provides solution services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised from the contract by reference to the progress toward complete satisfaction of performance obligation at the end of each reporting period, measured using the input method based on the proportion of the actual costs incurred relative to the estimated total costs for the satisfaction of the services.

The Group also engages in intelligent energy and environmental projects (injection molding-related electromechanical engineering solutions) to its customers which relate to the sales of water, electricity and compressed air systems and related products, for which revenue is recognised at the point in time when the system products provided are installed, inspected and accepted by the customers.

Contract assets and contract liabilities

A contract asset represents the Group’s right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. Contract asset is recognised when the customers retain retention money to secure the due performance of the contracts. Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 4.12(b). Allowance for credit losses for contract assets is measured at an amount equal to lifetime expected credit losses. Expected credit losses on contract assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the customers and an assessment of both the current and forecast general economic conditions at each reporting date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which the milestones are reached. If the considerations (including advances received from customers) exceed the revenue recognised to date, then the Group recognises a contract liability for the difference.

A contract liability represents the Group’s obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Other income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4.4 Property, plant and equipment

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment, other than construction in progress, are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	10-30 years
Machinery equipment	5-10 years
Transportation equipment	4 years
Furniture and fixtures	3-5 years
Electronic equipment	3-5 years
Leasehold improvement	Shorter of the unexpired lease terms and useful lives of 3 to 10 years

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Construction-in-progress is stated at cost less any impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.5 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.6 Investment properties

Investment properties are property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, Investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of leased assets and investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

If a investment property becomes a property, plant and equipment because its use has changed as evidence by the commencement of owner-occupation, the carrying amount of the property at the date of transfer is transferred to property, plant and equipment.

A investment property is derecognised upon disposal or when the leased asset and investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4.7 Leases

All leases are required to be capitalised in the consolidated statements of financial position/statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Accounting as a lessee

Right-of-use asset

The right-of-use asset is recognised at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

When the Group renegotiates the contractual terms of a lease with the lessor, where the renegotiated increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

4.8 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

4.9 Intangible assets and research and development costs

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful life of trademark is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. For other intangible assets, the amortisation expense is recognised in profit or loss. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives as follows:

Patent right	10-50 years
Software and others	3-10 years

Intangible assets are tested for impairment as described in Note 4.10.

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Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that directly attributable to the development activities are recognised as intangible assets provided they meet the following recognition requirements:

- (i) demonstration of technical feasibilities of the prospective product internal use or sale;
- (ii) sufficient technical, financial and other resources are available for completion;
- (iii) there is intention to complete the intangible asset and use or sell it;
- (iv) the Group’s ability to use or sell the intangible asset is demonstrated;
- (v) the intangible asset will generate probable economic benefits through internal use or sale; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are amortised over the periods the Group expects to benefit from using or selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are expensed as incurred.

4.10 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Investments in subsidiaries;
- Intangible assets with finite useful lives;
- Right-of-use assets;
- Investment in associate;
- Investment properties; and
- Contract costs capitalised under HKFRS 15

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that may be impaired. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. cash-generating unit (“CGU”)). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standard, in which case the impairment loss is treated as a revaluation decrease under that HKFRS Accounting Standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years/periods. In respect of assets other than goodwill, reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS Accounting Standard. An impairment loss in respect of goodwill is not reversed.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

4.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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4.12 Financial instruments

(a) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(b) *Impairment loss on financial assets*

The Group recognises allowance for credit losses for expected credit loss ("ECLs") on trade receivables, contract assets and financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures allowance for credit losses for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix with appropriate groupings or individually assessed for

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credit-impaired debtors. Provision matrix are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

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

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- a breach of contract, such as a default or past due event.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a allowance for credit losses, except for investments in debt instruments that are measured at FVOCI, for which the allowance for credit losses is recognised in other comprehensive income and accumulated in equity.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less allowance for credit losses) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(c) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including borrowings, trade and bills payables, convertible bonds, amounts due to subsidiaries and other payables and accruals are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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Lease liabilities

Lease liabilities are measured at present value less lease repayments (see Note 4.7).

Convertible bonds

The proceeds received on issue of the Group’s convertible bonds are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and is recognised within shareholders’ equity, net of income tax effects.

(d) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(f) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.13 Foreign currency translation

Transactions entered into by the group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into RMB at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve. Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

4.14 Income tax

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.15 Employee benefits

(a) *Defined contribution retirement plan*

Pursuant to the relevant regulations of the Chinese Mainland government, the Group participates in a central pension scheme operated by the local municipal government, whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

(b) *Short-term employee benefits*

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the period when the employees render the related service.

(c) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.16 Provisions and contingent liabilities

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

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

4.17 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

Impairment of financial and contract assets

The measurement of the ECLs allowance for financial assets measured at amortised cost and contract assets is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgments and assumptions used in measuring ECLs is set out in Note 45(b) to the Historical Financial Information. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognised.

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Income taxes and deferred taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that are probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management’s judgments and estimations about the timing and the amount of taxable profits of the companies that had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that future taxable profits would be uncertain.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 4.8. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates.

Judgment is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group’s financial condition and results of operations. If there is a significant adverse change in the key assumption applied, it may be necessary to take additional impairment charge to the consolidated statements of profit or loss and other comprehensive income.

Impairment of the Group’s non-current assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant, and equipment, right-of-use assets and intangible assets) at the end of each Track Record Period. 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 price that would be received to sell an asset or a group of assets in an orderly transaction between market participants less incremental costs for disposing of the asset or group of assets. When value in use calculation is 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. During the Track Record Period, except for those disclosed in notes 16 and 18 below, the Group concluded no impairment testing is required.

De-facto control

De-facto control exists when the size of an entity’s own voting, rights relative to the size and dispersion of other vote holders, give the entity the practical ability to unilaterally direct the relevant activities of the investee. The Group holds less than 50% equity interest in AFMING during certain time within the Track Record Period and AFMING is still regarded as a subsidiary of the Company. The directors of the Company assessed whether or not the Group has control over AFMING based on whether the Group has the practical ability to direct the relevant activities of AFMING unilaterally. In making their judgement, the directors considered various factors, including but not limited to the Group’s absolute size of holding in AFMING. After the assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of AFMING and therefore the Company has control over AFMING.

6. SEGMENT INFORMATION

(a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the directors of the Company, being chief operating decision maker, for their decisions about resources allocation to the Group’s business components and for their review of these components’ performance.

The chief operating decision maker (“CODM”), who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the directors of the Company.

During the reporting periods, the Group is principally engaged in (i) the manufacturing and selling of (a) industrial robots and automation systems; (b) injection molding equipment; (c) intelligent energy and environmental projects; (d) computer numerical control machining centers; and (ii) the leasing of properties. As for the purpose of making decisions about resources allocation and performance assessment, the CODM reviews the operating results and financial position of the Group as a whole, and no other discrete financial information is provided. Accordingly, only entity-wide disclosures, major customers and geographic information are disclosed.

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(b) Geographical information

(i) Revenue from external customers

The Group is domiciled in Chinese Mainland, which is the location of the Group’s principal office. The Group’s revenues from external customers are divided into the following geographical areas:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Chinese Mainland	4,049,993	2,270,988	1,850,278	318,814	394,838
Vietnam	413,755	505,327	364,542	11,940	99,699
Indonesia	1,326	10,094	158,741	–	14,970
Others	87,632	85,227	136,520	31,260	28,176
	<u>4,552,706</u>	<u>2,871,636</u>	<u>2,510,081</u>	<u>362,014</u>	<u>537,683</u>

The Group’s revenue information above is based on the services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As at December 31, 2023, 2024, 2025 and March 31, 2026, majority of the Group’s non-current assets (excluding financial instruments and deferred tax assets) are located in the Chinese Mainland.

(ii) Information about major customers

Revenue from major customers, each of them accounting for 10% or more of the Group’s revenue for the corresponding periods, is set out below:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Customer A	456,555	N/A	N/A	N/A	N/A
Customer B	N/A	415,864	510,426	105,279	264,151
Customer C	N/A	336,843	N/A	N/A	N/A
Customer D	N/A	N/A	398,123	N/A	N/A
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

N/A – The corresponding revenue is not disclosed as it did not contribute over 10% of the total revenue of the Group during that year/period.

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8. OTHER INCOME AND GAINS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Bank interest income	19,556	15,563	17,507	2,937	4,328
Other interest income	76	971	1,359	90	470
Government grants (Note)					
– reclass from deferred income (Note 31)	8,206	7,350	9,476	961	1,334
– related to expenses (Note)	22,634	13,628	24,425	2,392	2,462
Fair value gain on financial assets at FVTPL	6,803	7,058	4,795	1,256	12,907
Sundry income	6,265	4,028	2,331	964	488
	63,540	48,598	59,893	8,600	21,989

Note: Government grants mainly comprised of subsidies received/receivable for subsidising the Group’s business for compensating expenses already incurred. There was no unfulfilled condition to receive government grants at the end of each reporting period.

9. FINANCE COSTS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest charges on					
– borrowings	36,278	33,333	23,742	8,603	4,243
– lease liabilities	2,014	1,474	697	124	393
– convertible bonds	31,545	27,457	–	–	–
	69,837	62,264	24,439	8,727	4,636
Less: capitalise borrowing cost	(10,086)	(2,240)	(2,575)	(952)	–
	59,751	60,024	21,864	7,775	4,636

For the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2025 and 2026, the borrowing costs have been capitalised at a rates of 3.65% to 4.27%, 3.34%, 2.56% to 4.10%, 2.56% to 4.10% (unaudited) and Nil respectively to expenditure on qualifying assets.

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10. PROFIT/(LOSS) BEFORE TAX

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

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of inventories recognised as expenses	3,710,266	2,408,234	1,739,434	234,940	354,900
Auditors’ remuneration	750	750	750	–	–
Depreciation charge:					
– Property, plant and equipment					
<i>(Note 16)</i>	33,679	39,888	45,780	10,343	13,673
– Right-of-use assets <i>(Note 19)</i>	16,250	13,404	6,492	1,766	1,806
– Investment properties <i>(Note 20)</i>	–	–	11,092	2,220	3,819
Amortisation of intangible assets					
<i>(Note 17)</i>	7,825	12,836	8,272	1,789	1,434
Loss/(gain) on early termination of the lease	245	(105)	(50)	(1,782)	(11)
Short-term lease expenses	7,977	6,121	5,991	1,220	1,152
Impairment of goodwill <i>(Note a)</i>	20,780	14,727	21,479	–	–
Written-down of inventories <i>(Note a)</i>	31,531	35,773	20,189	5,335	4,819
Impairment of intangible assets <i>(Note a)</i>	–	7,486	–	–	–
Loss/(gain) on disposal of property, plant and equipment, net <i>(Note a)</i>	3	2,302	179	(25)	(219)
Employee costs (including directors’ emoluments <i>(Note 14)</i>):					
– Salaries and wages	352,798	318,682	288,401	66,300	76,185
– Allowance and other benefits	101	101	120	30	55
– Share based payment expenses	3,570	5,252	6,122	1,547	6,535
– Discretionary bonus	10,050	20,902	44,494	7,251	6,572
– Retirement scheme contributions	31,677	30,879	29,111	7,428	7,302
	398,196	375,816	368,248	82,556	96,649
Provision for/(reversal of) ECL <i>(Note 45(b))</i> :					
– Trade receivables	49,204	10,896	69,893	3,372	(16,528)
– Bills receivables	574	277	155	419	(151)
– Contract assets	17,394	70,956	(13,125)	3,292	2,193
– Other receivables	(1,432)	4,766	2,192	276	554
	65,740	86,895	59,115	7,359	(13,932)

Note:

- a) Impairment of goodwill, impairment of intangible assets, written-down of inventories and loss/(gain) on disposal of property, plant and equipment, net are included in “other expenses” in the consolidated statements of profit or loss and other comprehensive income.

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11. INCOME TAX (EXPENSES)/CREDIT

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during each reporting period.

Vietnam corporate income tax has been provided at the rate of 20% on the estimated assessable profit in Vietnam during each reporting period.

Indonesia corporate income tax has been provided at the rate of 22% on the estimated assessable profit in Indonesia during each reporting period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries which the Group operates.

Taxes on profits assessable in Chinese Mainland have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the Corporate Income Tax Law in the Chinese Mainland effective on 1 January 2008, the Chinese Mainland corporate income tax rate of the Company’s subsidiaries operating in Chinese Mainland during each reporting period was 25% of their taxable profits.

The Company were accredited as high and new technology enterprises (“HNTe”) in 2022 under relevant Chinese Mainland laws and regulations. Accordingly, the Company was entitled to a preferential Corporate Income Tax (“CIT”) rate of 15%. The certificate was valid for three years since its renewal in 2024.

Topstar Intelligent Technology (Dongguan) Co., Ltd were accredited as HNTe in 2022 and 2025 under relevant Chinese Mainland laws and regulations. Accordingly, the company was entitled to a preferential CIT rate of 15% from 2022 to 2027.

Jiangsu Topstar Technology Co., Ltd were accredited as HNTe in 2022 under relevant Chinese Mainland laws and regulations. Accordingly, the company was entitled to a preferential CIT rate of 15% from 2022 to 2024.

AFMING were accredited as HNTe in 2024 under relevant Chinese Mainland laws and regulations. Accordingly, the company was entitled to a preferential CIT rate of 15% from 2024 to 2026.

On 26 March 2023, the State Tax Bureau of the Chinese Mainland issued the Public Notice 2023 No.7, announcing that the enterprises engaging in research and development activities are entitled to claim 200% of their “R&D” expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards. Certain qualified subsidiaries of the Company have claimed such super deduction in ascertaining their tax assessable profits/(losses) for 2023, 2024 and 2025.

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)				
Current tax expenses					
Chinese Mainland					
– Tax for the year/period.	47,411	9,334	8,055	1,133	–
– (Over)/under provision in respect of prior periods	(455)	6,253	4,719	864	1,366
Elsewhere					
– Tax for the year/period.	5,426	4,747	4,154	1,786	1,647
– Under/(Over) provision in respect of prior periods	56	589	(206)	(880)	(832)
	52,438	20,923	16,722	2,903	2,181
Deferred tax (Note 22)	(34,128)	(28,807)	(12,677)	(173)	10,644
	18,310	(7,884)	4,045	2,730	12,825

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The income tax (expenses)/credit for each reporting period can be reconciled to the profit/(loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit/(loss) before tax	124,302	(246,836)	77,186	1,932	55,670
Tax calculated at applicable tax rate	18,646	(37,025)	11,578	290	8,351
Effect of different tax rates of subsidiaries operating outside Chinese Mainland	14,762	(25,548)	1,660	(1,014)	(1,080)
(Over)/under provision in prior periods . .	(399)	6,842	4,513	(16)	534
Non-taxable income	(893)	(202)	(158)	(17)	(1,297)
Tax effect of expenses not deductible for tax purpose	8,524	11,647	14,131	3,234	1,442
Tax effect of utilisation of tax loss not recognised	(5,826)	(16,779)	(16,129)	(401)	(319)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised	4,218	77,024	8,013	4,977	9,968
Tax incentive for research and development costs	(20,322)	(16,608)	(18,853)	(4,106)	(4,770)
Impact of tax rate changes	–	(6,684)	–	–	–
Tax effect of tax exemptions and incentives granted	(400)	(551)	(710)	(217)	(4)
Income tax expenses/(credit)	18,310	(7,884)	4,045	2,730	12,825

12. DIVIDENDS

The final dividend for the years ended December 31, 2022 and 2023 of RMB0.071 and RMB0.043 per ordinary share, in aggregate amounts of approximately RMB30,006,000 and RMB18,111,000 respectively, were approved by the directors of the Company and paid during the years ended December 31, 2023 and 2024.

The final dividend for the year ended December 31, 2025 of RMB0.32 per 10.0 ordinary shares of the Company were approved by the shareholders in the annual general meeting on April 24, 2026.

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share (RMB'000)	88,033	(245,241)	73,872	3,854	48,083
Number of shares Weighted average number of ordinary shares (excluding shares held for share award) for the purposes of basic and diluted earnings/(loss) per share ('000)	422,675	425,560	472,501	472,501	472,501

Diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share as the Group's potential ordinary shares in existence for each reporting period had no dilutive effects on the basic earnings/(loss) per share.

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14. DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors’ and supervisors’ emoluments

Details of directors’ remuneration during the Track Record Period are as follows:

	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2023							
<i>Executive Directors</i>							
Mr. Wu Fengli	–	265	–	–	34	–	299
Mr. Yang Shuangbao (<i>Note (v)</i>)	–	202	–	130	34	–	366
Mr. Huang Daibo (<i>Note (xi)</i>)	–	268	–	48	45	–	361
Mr. Yin Jianqiao (<i>Note (i)</i>)	–	97	–	–	31	–	128
Mr. Zhang Peng	–	471	–	164	33	146	814
Mr. Lan Haitao	–	439	–	161	41	44	685
Mr. Mao Yongjun (<i>Note (iv)</i>)	–	584	–	–	22	89	695
	–	2,326	–	503	240	279	3,348
<i>Independent Non-Executive Directors</i>							
Mr. Zhou Xin (<i>Note (x)</i>)	–	–	17	–	–	–	17
Ms. Zhang Chunyan (<i>Note (ii)</i>)	–	–	17	–	–	–	17
Mr. Feng Jierong (<i>Note (vii)</i>)	–	–	34	–	–	–	34
Dr. Wan Jiafu	–	–	34	–	–	–	34
	–	–	102	–	–	–	102
<i>Supervisors</i>							
Mr. Wu Shengfeng (<i>Note (iii)</i>)	–	230	–	362	10	–	602
Mr. Yang Shairu (<i>Note (xii)</i>)	–	297	–	29	41	–	367
Mr. Tang Bo (<i>Note (xii)</i>)	–	353	–	119	33	–	505
Mr. Fu Xiuliang (<i>Note (xii)</i>)	–	178	–	2	23	–	203
	–	1,058	–	512	107	–	1,677
	–	3,384	102	1,015	347	279	5,127

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	<u>Fees</u>	<u>Salaries</u>	<u>Allowance and other benefits</u>	<u>Discretionary bonus</u>	<u>Retirement scheme contributions</u>	<u>Equity-settled share-based payments</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2024							
<i>Executive Directors</i>							
Mr. Wu Fengli	–	241	–	631	36	–	908
Mr. Yang Shuangbao (<i>Note (v)</i>)	–	207	–	466	36	–	709
Mr. Huang Daibo (<i>Note (xi)</i>)	–	207	–	241	45	–	493
Mr. Zhang Peng	–	438	–	–	34	154	626
Mr. Lan Haitao	–	406	–	153	42	46	647
Mr. Zhou Yongchong (<i>Note (vi)</i>)	–	480	–	359	31	149	1,019
Mr. Mao Yongjun (<i>Note (iv)</i>)	–	173	–	–	5	(89)	89
	–	2,152	–	1,850	229	260	4,491
<i>Independent Non-Executive Directors</i>							
Mr. Zhou Xin (<i>Note (x)</i>)	–	–	34	–	–	–	34
Mr. Feng Jierong (<i>Note (vii)</i>)	–	–	34	–	–	–	34
Dr. Wan Jiafu	–	–	34	–	–	–	34
	–	–	102	–	–	–	102
<i>Supervisors</i>							
Mr. Yang Shairu (<i>Note (xii)</i>)	–	242	–	78	42	–	362
Mr. Tang Bo (<i>Note (xii)</i>)	–	244	–	1	34	–	279
Mr. Fu Xiujiang (<i>Note (xii)</i>)	–	179	–	5	24	–	208
	–	665	–	84	100	–	849
	–	2,817	102	1,934	329	260	5,442

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	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025							
<i>Executive Directors</i>							
Mr. Wu Fengli	–	328	–	960	46	–	1,334
Mr. Yang Shuangbao (<i>Note (v)</i>)	–	7	–	–	15	–	22
Mr. Huang Daibo (<i>Note (xi)</i>)	–	237	–	–	64	–	301
Mr. Zhang Peng	–	491	–	1,120	43	30	1,684
Mr. Lan Haitao	–	424	–	356	51	(71)	760
Mr. Zhou Yongchong (<i>Note (vi)</i>)	–	531	–	701	39	(121)	1,150
Dr. Wang Zhicheng (<i>Note (ix)</i>)	–	455	–	300	42	(34)	763
	–	2,473	–	3,437	300	(196)	6,014
<i>Independent Non-Executive Directors</i>							
Mr. Zhou Xin (<i>Note (x)</i>)	–	40	–	–	–	–	40
Mr. Feng Jierong (<i>Note (vii)</i>)	–	21	–	–	–	–	21
Dr. Wan Jiafu	–	40	–	–	–	–	40
Mr. Yang Lianda (<i>Note (viii)</i>)	–	20	–	–	–	–	20
	–	121	–	–	–	–	121
<i>Supervisors</i>							
Mr. Yang Shairu (<i>Note (xii)</i>)	–	100	–	1	15	–	116
Mr. Tang Bo (<i>Note (xii)</i>)	–	138	–	–	25	–	163
Mr. Fu Xiuliang (<i>Note (xii)</i>)	–	138	–	2	21	–	161
	–	376	–	3	61	–	440
	–	2,970	–	3,440	361	(196)	6,575

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	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Three months ended March 31, 2025							
<i>Executive Directors</i>							
Mr. Wu Fengli	–	78	–	7	9	–	94
Mr. Yang Shuangbao (Note (v))	–	6	–	1	9	–	16
Mr. Huang Daibo (Note (xi))	–	55	–	5	11	–	71
Mr. Zhang Peng	–	119	–	10	9	60	198
Mr. Lan Haitao	–	106	–	9	11	18	144
Mr. Zhou Yongchong (Note (vi))	–	130	–	11	8	58	207
	–	494	–	43	57	136	730
<i>Independent Non-Executive Directors</i>							
Mr. Zhou Xin (Note (x))	–	10	–	–	–	–	10
Mr. Feng Jierong (Note (vii))	–	10	–	–	–	–	10
Dr. Wan Jiafu	–	10	–	–	–	–	10
	–	30	–	–	–	–	30
<i>Supervisors</i>							
Mr. Yang Shairu (Note (xii))	–	49	–	4	6	–	59
Mr. Tang Bo (Note (xii))	–	68	–	6	11	–	85
Mr. Fu Xiujiang (Note (xii))	–	69	–	6	9	–	84
	–	186	–	16	26	–	228
	–	710	–	59	83	136	988
	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Three months ended March 31, 2026							
<i>Executive Directors</i>							
Mr. Wu Fengli	–	83	–	7	9	–	99
Mr. Zhang Peng	–	124	–	10	9	933	1,076
Mr. Lan Haitao	–	106	–	9	11	53	179
Mr. Zhou Yongchong (Note (vi))	–	135	–	11	8	480	634
Dr. Wang Zhicheng (Note (ix))	–	195	–	16	15	80	306
Mr. Huang Jing (Note (xiii))	–	135	–	11	6	320	472
	–	778	–	64	58	1,866	2,766
<i>Independent Non-Executive Directors</i>							
Dr. Wan Jiafu	–	15	–	–	–	–	15
Mr. Yang Lianda (Note (viii))	–	15	–	–	–	–	15
Ms. Ye Derong (Note (xiv))	–	25	–	–	–	–	25
	–	55	–	–	–	–	55
	–	833	–	64	58	1,866	2,821

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Notes:

- (i) Mr. Yin Jianqiao resigned as an Executive Director of the Company on July 4, 2023.
- (ii) Ms. Zhang Chunyan resigned as an Independent Non-Executive Director of the Company on July 4, 2023.
- (iii) Mr. Wu Shengfeng resigned as a supervisor of the Company on July 3, 2023.
- (iv) Mr. Mao Yongjun resigned as an Executive Director of the Company on March 25, 2024.
- (v) Mr. Yang Shuangbao resigned as an Executive Directors of the Company on April 29, 2025.
- (vi) Mr. Zhou Yongchong was appointed as an Executive Director of the Company on May 13, 2024.
- (vii) Mr. Feng Jierong resigned as an Independent Non-Executive Director of the Company on June 20, 2025.
- (viii) Mr. Yang Lianda appointed as an Independent Non-Executive Director of the Company on June 20, 2025.
- (ix) Dr. Wang Zhicheng was appointed as an Executive Director of the Company on June 25, 2025.
- (x) Mr. Zhou Xin resigned as an Independent Non-Executive Director of the Company on December 29, 2025.
- (xi) Mr. Huang Daibo resigned as an Executive Director of the Company on December 26, 2025.
- (xii) Mr. Fu Xiujiang, Mr. Yang Shairu and Mr. Tang Bo resigned as a supervisor of the Company on June 20, 2025.
- (xiii) Mr. Huang Jing appointed as an Executive Director of the Company on January 15, 2026.
- (xiv) Ms. Ye Derong appointed as an Independent Non-Executive Director of the Company on January 15, 2026.

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the Track Record Period. There were no arrangements under which a director waived or agreed to waive any emolument during the Track Record Period.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company. The non-executive directors and the independent non-executive directors’ emoluments shown above were for their services as directors of the Company.

(b) Five highest-paid individuals

Of the five individuals with the highest emoluments in the Group, included Nil, Nil, 3, Nil (unaudited) and 2 directors of the Company for each of the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, whose emoluments are disclosed above. The emoluments of the remaining 5, 5, 2, 5 (unaudited) and 3 individuals for each of the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, whose emoluments are analysed below:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries	2,984	3,023	2,763	1,019	420
Allowance and other benefits . . .	—	—	—	—	—
Discretionary bonuses	2,275	3,179	1,562	723	752
Retirement scheme contributions .	189	195	62	32	23
Equity-settled share-based payments	—	—	—	187	1,372
	5,448	6,397	4,387	1,961	2,567

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The number of the highest-paid non-director individuals fell within the following emolument bands:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	No. of individuals	No. of individuals	No. of individuals	No. of individuals	No. of individuals
	<i>(Unaudited)</i>				
Nil to HKD1,000,000	–	–	–	5	2
HKD1,000,001 to HKD1,500,000	4	4	–	–	1
HKD1,500,001 to HKD2,000,000	1	–	1	–	–
HKD2,000,001 to HKD2,500,000	–	1	–	–	–
HKD2,500,001 to HKD3,000,000	–	–	–	–	–
HKD3,000,001 to HKD3,500,000	–	–	1	–	–
	<u>5</u>	<u>5</u>	<u>2</u>	<u>5</u>	<u>3</u>

During the Track Record Period, no emoluments were paid by the Group to any of the five highest-paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

15. INVESTMENTS IN ASSOCIATES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets, net of accumulated impairment	<u>4,744</u>	<u>3,784</u>	<u>3,987</u>	<u>9,327</u>
Accumulated impairment	<u>11,252</u>	<u>11,270</u>	<u>11,270</u>	<u>11,270</u>

Aggregate information of associates that are not individually material

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Aggregated carrying amount of individually immaterial associates	<u>4,744</u>	<u>3,784</u>	<u>3,987</u>	<u>9,327</u>

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Aggregate amounts of the Group's share of:				
(Loss)/profit from continuing operations	(164)	(942)	203	(2,765)
Other comprehensive income	–	–	–	–
Total comprehensive (loss)/income	<u>(164)</u>	<u>(942)</u>	<u>203</u>	<u>(2,765)</u>

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets, net of accumulated impairment	4,744	3,784	3,987	3,536
Accumulated impairment	11,252	11,270	11,270	11,270

Aggregate information of associates that are not individually material

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregated carrying amount of individually immaterial associates .	4,744	3,784	3,987	3,536

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amounts of the Company's share of: (Loss)/profit from continuing operations	(164)	(942)	203	(451)
Other comprehensive income	—	—	—	—
Total comprehensive (loss)/income .	(164)	(942)	203	(451)

Particulars of the Group's unlisted associates are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Percentage of ownership interest attributable to the Company	Principal activity
			%	%	
Wuhan JoTong Intelligent Technology Co., Ltd.	RMB5,714,000	Wuhan, Hubei, Chinese Mainland	30.00	30.00	Manufacturing
Guangdong Tuotao Network Technology Co., Ltd. (“Tuotao”) .	RMB16,263,000	Dongguan, Guangdong, Chinese Mainland	18.45*	18.45*	Network Information Technology
Biel Crystal Machinery (Singapore) Private Limited	USD 3,300,000 (equivalent to RMB22,808,000)	Singapore	34.00 (2023 to 2025: Nil)	—	Precision machinery manufacturing & trading

* The Group has significant influence even though it holds less than 20 percent of the equity interest of Tuotao as the Company has a representative in Tuotao's board of directors, hence the Company has significant influence over Tuotao, including participation in the financial, operating policy and strategic investment decisions.

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ACCOUNTANTS’ REPORT

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At January 1, 2023	415,124	62,803	15,534	18,756	22,737	309,716	14,419	859,089
Additions	279	17,879	1,053	1,400	3,330	304,525	8,811	337,277
Transferred from construction-in-progress . . .	133,289	1,841	–	–	–	(135,607)	477	–
Disposals	(143)	(14,615)	(506)	(173)	(526)	–	(834)	(16,797)
At December 31, 2023 and January 1, 2024	548,549	67,908	16,081	19,983	25,541	478,634	22,873	1,179,569
Additions	664	9,583	1,769	918	2,615	209,623	3,747	228,919
Transferred from construction-in-progress . . .	388,851	7,016	–	151	23	(416,027)	19,986	–
Disposals	–	(12,494)	(997)	(2,935)	(2,230)	–	(3,630)	(22,286)
Transferred to investment property (Note 20)	(267,753)	–	–	–	–	–	(1,104)	(268,857)
At December 31, 2024 and January 1, 2025	670,311	72,013	16,853	18,117	25,949	272,230	41,872	1,117,345
Additions	30	5,890	4,593	2,049	3,803	132,211	3,543	152,119
Transferred from construction-in-progress . . .	347,083	31,698	–	35	11,174	(399,166)	9,176	–
Transfer to investment properties (Note 20)	(190,248)	–	–	–	–	–	–	(190,248)
Disposals	–	(825)	(745)	(1,742)	(2,039)	–	(488)	(5,839)
At December 31, 2025 and January 1, 2026	827,176	108,776	20,701	18,459	38,887	5,275	54,103	1,073,377
Additions	–	458	21	602	5,098	8,072	240	14,491
Transferred from construction-in-progress . . .	–	–	–	–	–	(1,908)	1,908	–
Disposals	–	(203)	(960)	(797)	(269)	–	–	(2,229)
At March 31, 2026	<u>827,176</u>	<u>109,031</u>	<u>19,762</u>	<u>18,264</u>	<u>43,716</u>	<u>11,439</u>	<u>56,251</u>	<u>1,085,639</u>
Accumulated depreciation:								
At January 1, 2023	31,311	19,956	10,686	12,889	11,495	–	4,696	91,033
Charge for the year	14,636	6,566	1,738	3,037	3,445	–	4,257	33,679
Disposals	(2)	(643)	(478)	(133)	(283)	–	–	(1,539)
At December 31, 2023 and January 1, 2024	45,945	25,879	11,946	15,793	14,657	–	8,953	123,173
Charge for the year	19,998	6,862	1,932	1,898	3,422	–	5,776	39,888
Disposals	–	(3,130)	(948)	(2,627)	(1,799)	–	–	(8,504)
Transferred to investment property (Note 20)	(18,366)	–	–	–	–	–	–	(18,366)
At December 31, 2024 and January 1, 2025	47,577	29,611	12,930	15,064	16,280	–	14,729	136,191
Charge for the year	24,982	7,448	1,804	1,293	4,249	–	6,004	45,780
Disposals	–	(676)	(683)	(1,647)	(1,780)	–	–	(4,786)
Transferred to investment property (Note 20)	(45,600)	–	–	–	–	–	–	(45,600)

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	Buildings	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2025 and								
January 1, 2026	26,959	36,383	14,051	14,710	18,749	–	20,733	131,585
Charge for the period	7,073	2,498	507	369	1,418	–	1,808	13,673
Disposals	–	(75)	(817)	(745)	(208)	–	–	(1,845)
At March 31, 2026	34,032	38,806	13,741	14,334	19,959	–	22,541	143,413
Net carrying amount:								
At December 31, 2023	502,604	42,029	4,135	4,190	10,884	478,634	13,920	1,056,396
At December 31, 2024	622,734	42,402	3,923	3,053	9,669	272,230	27,143	981,154
At December 31, 2025	800,217	72,393	6,650	3,749	20,138	5,275	33,370	941,792
At March 31, 2026	793,144	70,225	6,021	3,930	23,757	11,439	33,710	942,226

As at December 31, 2024, delays in constructing specific properties of the Group constituted an impairment indicator for the relevant construction in progress and land use rights with their carrying amounts as follows:

	As at December 31, 2024
	<i>RMB'000</i>
Land use rights	48,960
Construction in progress	235,565
	284,525

An impairment assessment was conducted and recoverable amount as determined with reference to fair value less costs of disposal was above the carrying amount by approximately RMB35,944,000. The fair value was determined under market approach based on comparable transactions available in the market and adjustments of various factors would be made between the subject properties and comparable properties. The fair value estimation was at level 2 of fair value hierarchy. The valuation model is based on price per square metre.

The Company

	Building	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:								
At January 1, 2023	190,208	30,735	11,521	13,113	14,478	79,766	8,645	348,466
Additions from external and intergroup entities	279	8,771	21	673	899	202,540	182	213,365
Transferred from construction-in-progress . . .	70,801	–	–	–	–	(70,801)	–	–
Disposal to external and intergroup entities	(143)	(6,398)	(440)	(183)	(223)	–	(834)	(8,221)
At December 31, 2023 and January 1, 2024	261,145	33,108	11,102	13,603	15,154	211,505	7,993	553,610
Additions from external and intergroup entities	664	7,782	74	4,212	708	170,972	647	185,059
Transferred from construction-in-progress . . .	376,352	17	–	–	8	(377,383)	1,006	–
Disposal to external and intergroup entities	–	(9,472)	(1,067)	(5,734)	(4,373)	–	(873)	(21,519)

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	Building	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024 and January 1, 2025	638,161	31,435	10,109	12,081	11,497	5,094	8,773	717,150
Additions from external and intergroup entities	30	12,389	4,638	1,493	2,989	55,938	1,720	79,197
Transferred from construction-in-progress	39,732	7,376	–	–	7,127	(58,385)	4,150	–
Disposal to external and intergroup entities	–	(7,059)	(969)	(2,494)	(995)	–	(446)	(11,963)
Transferred to investment properties	(190,248)	–	–	–	–	–	–	(190,248)
At December 31, 2025 and January 1, 2026	487,675	44,141	13,778	11,080	20,618	2,647	14,197	594,136
Additions from external and intergroup entities	–	355	–	502	59	1,579	46	2,541
Transferred from construction-in-progress	–	–	–	–	–	(240)	240	–
Disposal to external and intergroup entities	–	(1,425)	(960)	(625)	(411)	–	–	(3,421)
At March 31, 2026	<u>487,675</u>	<u>43,071</u>	<u>12,818</u>	<u>10,957</u>	<u>20,266</u>	<u>3,986</u>	<u>14,483</u>	<u>593,256</u>
Accumulated depreciation:								
At January 1, 2023	29,530	15,783	8,277	9,517	9,078	–	3,500	75,685
Charge for the year	6,402	3,258	980	1,906	1,635	–	1,929	16,110
Disposal to external and intergroup entities	(2)	(323)	(418)	(163)	(212)	–	–	(1,118)
At December 31, 2023 and January 1, 2024	35,930	18,718	8,839	11,260	10,501	–	5,429	90,677
Charge for the year	10,700	3,139	969	4,429	1,398	–	1,100	21,735
Disposal to external and intergroup entities	–	(2,123)	(1,001)	(5,091)	(2,714)	–	–	(10,929)
At December 31, 2024 and January 1, 2025	46,630	19,734	8,807	10,598	9,185	–	6,529	101,483
Charge for the year	19,280	5,128	1,156	1,428	2,637	–	1,163	30,792
Disposal to external and intergroup entities	–	(808)	(851)	(2,339)	(898)	–	–	(4,896)
Transferred to investment properties	(45,600)	–	–	–	–	–	–	(45,600)
At December 31, 2025 and January 1, 2026	20,310	24,054	9,112	9,687	10,924	–	7,692	81,779
Charge for the period	3,944	958	311	266	650	–	404	6,533
Disposal to external and intergroup entities	–	(140)	(817)	(374)	(378)	–	–	(1,709)
At March 31, 2026	<u>24,254</u>	<u>24,872</u>	<u>8,606</u>	<u>9,579</u>	<u>11,196</u>	<u>–</u>	<u>8,096</u>	<u>86,603</u>
Net carrying amount:								
At December 31, 2023	<u>225,215</u>	<u>14,390</u>	<u>2,263</u>	<u>2,343</u>	<u>4,653</u>	<u>211,505</u>	<u>2,564</u>	<u>462,933</u>
At December 31, 2024	<u>591,531</u>	<u>11,701</u>	<u>1,302</u>	<u>1,483</u>	<u>2,312</u>	<u>5,094</u>	<u>2,244</u>	<u>615,667</u>
At December 31, 2025	<u>467,365</u>	<u>20,087</u>	<u>4,666</u>	<u>1,393</u>	<u>9,694</u>	<u>2,647</u>	<u>6,505</u>	<u>512,357</u>
At March 31, 2026	<u>463,421</u>	<u>18,199</u>	<u>4,212</u>	<u>1,378</u>	<u>9,070</u>	<u>3,986</u>	<u>6,387</u>	<u>506,653</u>

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17. INTANGIBLE ASSETS

The Group

	Patent right	Trademark	Software and others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost:				
At January 1, 2023	39,256	6,862	27,991	74,109
Additions	—	—	1,949	1,949
At December 31, 2023 and January 1, 2024	39,256	6,862	29,940	76,058
Additions	—	—	677	677
Disposal	—	—	(145)	(145)
At December 31, 2024 and January 1, 2025	39,256	6,862	30,472	76,590
Additions	—	—	1,461	1,461
Disposal	—	—	(8,277)	(8,277)
At December 31, 2025, January 1, 2026 and March 31, 2026	39,256	6,862	23,656	69,774
Accumulated amortization and impairment:				
At January 1, 2023	7,220	—	9,488	16,708
Charge for the year	4,071	—	3,754	7,825
At December 31, 2023 and January 1, 2024	11,291	—	13,242	24,533
Charge for the year	4,071	—	8,765	12,836
Impairment	624	6,862	—	7,486
Disposal	—	—	(144)	(144)
At December 31, 2024 and January 1, 2025	15,986	6,862	21,863	44,711
Charge for the year	5,806	—	2,466	8,272
Disposal	—	—	(8,274)	(8,274)
At December 31, 2025 and January 1, 2026	21,792	6,862	16,055	44,709
Charge for the period	862	—	572	1,434
At March 31, 2026	22,654	6,862	16,627	46,143
Net carrying value:				
At December 31, 2023	27,965	6,862	16,698	51,525
At December 31, 2024	23,270	—	8,609	31,879
At December 31, 2025	17,464	—	7,601	25,065
At March 31, 2026	16,602	—	7,029	23,631

All of the Group’s software and other intangible assets were acquired from third parties. The above patent right and trademark were recognised as part of business combination in prior periods.

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The Company

	Software and others
	<i>RMB’000</i>
Cost:	
At January 1, 2023	21,240
Additions	1,144
	<hr/>
At December 31, 2023 and January 1, 2024	22,384
Additions	566
Disposal to external and intergroup entities	(925)
	<hr/>
At December 31, 2024 and January 1, 2025	22,025
Additions	256
Disposal	(8,247)
	<hr/>
At December 31, 2025, January 1, 2026 and March 31, 2026	14,034
	<hr/>
Accumulated amortisation:	
At January 1, 2023	7,495
Charge for the year	2,638
	<hr/>
At December 31, 2023 and January 1, 2024	10,133
Charge for the year	7,675
Disposal to external and intergroup entities	(287)
	<hr/>
At December 31, 2024 and January 1, 2025	17,521
Charge for the year	1,779
Disposal	(8,247)
	<hr/>
At December 31, 2025 and January 1, 2026	11,053
Charge for the period	369
	<hr/>
At March 31, 2026	11,422
	<hr/>
Net carrying value:	
At December 31, 2023	12,251
	<hr/>
At December 31, 2024	4,504
	<hr/>
At December 31, 2025	2,981
	<hr/>
At March 31, 2026	2,612
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18. GOODWILL

The movements of the goodwill are as follows:

The Group

	Goodwill
	<i>RMB’000</i>
Cost:	
At January 1, 2023, December 31, 2023 and January 1, 2024	201,918
Deregistration of a subsidiary	(2,482)
	<hr/>
At December 31 2024, and January 1, 2025 and at December 31, 2025, January 1, 2026 and March 31, 2026	199,436
	<hr/>
Accumulated impairment:	
At January 1, 2023	95,906
Impairment during the year	20,780
	<hr/>
At December 31, 2023 and January 1, 2024	116,686
Impairment during the year	14,727
Deregistration of a subsidiary	(2,482)
	<hr/>
At December 31, 2024 and January 1, 2025	128,931
Impairment during the year	21,479
	<hr/>
At December 31, 2025, January 1, 2026 and March 31, 2026	150,410
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Net carrying amount:	
At December 31, 2023	85,232
	<hr/>
At December 31, 2024	70,505
	<hr/>
At December 31, 2025 and March 31, 2026	49,026
	<hr/>

Impairment testing

For the purpose of impairment testing, goodwill and trademark with indefinite useful lives set out in Note 17 have been allocated to three individual CGUs, comprising three subsidiaries of the Company. The carrying amounts of the goodwill and trademark (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill			Trademark		
	December 31, 2023	December 31, 2024	December 31, 2025	December 31, 2023	December 31, 2024	December 31, 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Topstar Intelligent Technology (Dongguan) Co. Ltd	–	–	–	6,862	–	–
AFMING	85,232	70,505	49,026	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85,232	70,505	49,026	6,862	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In addition to goodwill and trademark above, property, plant and equipment, intangible assets and rights of use assets that generate cash flows together with the related goodwill and trademark are also included in the respective cash-generating unit for the purpose of impairment testing.

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CGU of Topstar Intelligent Technology (Dongguan) Co., Ltd.:

As at December 31, 2023, the management of the Group determined the recoverable amount of this CGU based on value in use calculation which uses cash flow projections based on financial budgets approved by the management for the Group covering the following 5 years with a pre-tax discount rate of 15%. The forecasted growth rates and gross margin used to extrapolate cash flow projections and terminal growth rates are follow:

	December 31, 2023
Revenue growth rates (during the five-year period)	15.33%~78.75%
Gross margin	6.56%~14.33%
Terminal growth rate	—

Based on the results of the assessment, impairment loss amounting to RMB18,298,000 was recognised on the relevant goodwill of this CGU during the year ended December 31, 2023, which arose from this CGU’s underperformed results. Consequently, the carrying amount of this CGU was written down to its estimated recoverable amount as at December 31, 2023. Following the recognition of the impairment losses, the remaining headroom of this CGU were nil as at December 31, 2023. The impairment losses have been included in profit or loss in the other expenses line item. No other write-down of the assets of this CGU is considered necessary.

As at December 31, 2024, the management of the Group determined the recoverable amount of this CGU based on its fair value less costs of disposal of assets which was estimated based on its gross replacement cost adjusted by an obsolescence rate which ranged from 54% to 100%. The fair value measurement categorised into Level 3 fair value hierarchy.

Based on the results of the assessment, impairment loss of RMB7,486,000 was recognised on this CGU and RMB6,862,000 was allocated to the relevant trademark during the year ended December 31, 2024, which arose from the change in operating strategies in 2024 in view of the keen competition in the market. Consequently, the carrying amount of this CGU was written down to its estimated recoverable amount as at December 31, 2024. Following the recognition of the impairment losses, the remaining headroom of this CGU were nil as at December 31, 2024. The impairment losses have been included in profit or loss in the other expenses line item. No other write-down of the assets of this CGU is considered necessary.

CGU of Dongguan AFMING Numerical Control Equipment Technology Co., Ltd.:

As at December 31, 2023, 2024 and 2025, the recoverable amount of this CGU was determined based on value in use calculations which uses cash flow projections based on financial budgets approved by the management for the Group covering the following 5 years with a pre-tax discount rate of 12.26%, 13.16% and 13.27% as at December 31, 2023, 2024 and 2025 respectively.

The pre-tax discount rate applied to the cash flows projections, the forecasted growth rates and gross margin used to extrapolate cash flow projections and terminal growth rates are follow:

	Year ended December 31,		
	2023	2024	2025
Revenue growth rates (during the five-year period)	3.02%~14.47%	4.44%~19.18%	2.04%~21.38%
Gross margin	12.46%~13.30%	7.81%~13.33%	5.57%~11.00%
Terminal growth rate	0%	0%	0%

As at December 31, 2023, based on the results of the assessment, the management of the Group determined that there is no impairment on the CGU. The recoverable amount is above the carrying amount by approximately RMB42.2 million. If the revenue growth rates for each year during the forecast period used in value-in-use calculation had been decreased by 1%, the estimated recoverable amount shall exceed its respective carrying amount by approximately RMB35.6 million. If the gross margin for each year during the forecast period used in value-in-use calculation had been decreased by 0.5%, the estimated recoverable amount shall exceed its respective carrying amount by approximately RMB21.4 million. If the pre-tax discount rate applied to the cash flow projection had been increased by 0.5%, the estimated recoverable amount shall exceed its carrying amount by approximately RMB22.8 million.

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As at December 31, 2024, based on the results of the assessment, the management of the Group determined that the recoverable amount of the cash-generating unit is lower than its carrying amount and has consequently determined impairment of goodwill directly related to the CGU, amounting to RMB28.9 million, since the CGU experienced decrease in revenue and profit margin. Consequently, the carrying amount of the CGU was written down to its estimated recoverable amount as at December 31, 2024. Following the recognition of the impairment losses, the remaining headroom of this CGU was nil as at December 31, 2024. If the revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 1%, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB6.0 million would be recognised. If the gross margin for each year during the forecast period used in value-in-use calculation had been decreased by 0.5%, the estimated recoverable amount have been reduced and a further impairment of goodwill of approximately RMB23.0 million would be recognised. If the pre-tax discount rate applied to the cash flow projection had been increased by 0.5 %, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB21.0 million would be recognised. During the year ended December 31, 2024, the impairment loss of RMB14.7 million has been recognised and included in profit or loss in the other expenses line item. No other write-down of the assets of the CGU is considered necessary.

As at December 31, 2025, based on the results of the assessment, the management of the Group determined that the recoverable amount of the cash-generating unit is lower than its carrying amount and have consequently determined impairment of goodwill directly related to the CGU, amounting to RMB42.1 million, since the annual results of the CGU have underperformed. Consequently, the carrying amount of the CGU was written down to its estimated recoverable amount as at December 31, 2025. Following the recognition of the impairment losses, the remaining headroom of this CGU was nil as at December 31, 2025. If the revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 1%, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB7.0 million would be recognised. If the gross margin for each year during the forecast period used in value-in-use calculation had been decreased by 0.5%, the estimated recoverable amount have been reduced and a further impairment of goodwill of approximately RMB22.0 million would be recognised. If the pre-tax discount rate applied to the cash flow projection had been increased by 0.5 %, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB18.0 million would be recognised. During the year ended December 31, 2025, the impairment loss of RMB21.5 million has been recognised and included in profit or loss in the other expenses line item. No other write-down of the assets of the CGU is considered necessary.

CGU of Shenzhen Xingmeng Automation Co., Ltd.:

During the year ended 31 December 2023, management of the Group has provided impairment loss on goodwill of RMB2,482,000 allocated to operation of the CGU to write down the relevant carrying amounts goodwill to nil due to its planned closure of business under the Group’s latest strategy.

19. RIGHT-OF-USE ASSETS

The Group

The following amount are recognised in the consolidated statements of financial position:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Land use rights	262,867	237,964	212,601	211,441
Leased buildings	37,856	3,471	5,711	5,693
	<u>300,723</u>	<u>241,435</u>	<u>218,312</u>	<u>217,134</u>
	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Addition to the right-of-use assets .	<u>31,470</u>	<u>1,851</u>	<u>4,525</u>	<u>1,241</u>

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The following amounts are recognised in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation charge of the right-of-use assets				
– Land use rights	5,598	5,159	4,942	1,160
– Leased buildings	10,652	8,245	1,550	646
Loss/(gain) on early termination of leases	245	(105)	(50)	(11)
Short term lease expenses	7,977	6,121	5,991	1,152
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Company

The following amount are recognised in the statements of financial position:

	As at December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights	193,092	189,003	164,711	163,819
Leased buildings	11,059	172	384	326
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	204,151	189,175	165,095	164,145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Addition to the right-of-use assets	746	–	460	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts are recognised in the statements of profit or loss and other comprehensive income:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation charge of the right-of-use assets				
– Land use rights	4,089	4,089	3,871	892
– Leased buildings	2,497	2,090	248	58
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6,586	6,179	4,119	950
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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20. INVESTMENT PROPERTIES

The Group

	Investment properties
	<i>RMB’000</i>
At January 1, 2023, December 31, 2023 and January 1, 2024	
Cost	—
Accumulated depreciation	—
Net book amount	—
Year ended December 31, 2024	
Opening net book amount	—
Transfer from property, plant and equipment	250,491
Transfer from right-of-use assets	19,743
Depreciation	—
Closing net book amount	270,234
At December 31, 2024 and January 1, 2025	
Cost	291,274
Accumulated depreciation	(21,040)
Net book amount	270,234
Year ended December 31, 2025	
Opening net book amount	270,234
Transfer from property, plant and equipment	144,648
Transfer from right-of-use assets	20,420
Depreciation	(11,092)
	424,210
At December 31, 2025 and January 1, 2026	
Cost	507,552
Accumulated depreciation	(83,342)
Net book amount	424,210
Three months ended March 31, 2026	
Opening net book amount	424,210
Depreciation	(3,819)
	420,391
At March 31, 2026	
Cost	507,552
Accumulated depreciation	(87,161)
Net book amount	420,391

The Group’s investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis.

The Group’s investment properties are located on leasehold lands in the Chinese Mainland with land use periods from 50 years to 70 years.

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Fair values of the investment properties as at December 31, 2024 and 2025 and March 31, 2026 are as follows:

	As at December 31,		As at
	2024	2025	March 31,
	RMB’000	RMB’000	2026
Investment properties in the Chinese Mainland	547,010	673,400	667,380

The fair value of the Group’s investment properties as at December 31, 2024, 2025, and March 31, 2026 are determined by valuations conducted by Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the other investment properties being valued. Under the valuation models, income-based approach has been adopted by taking into account the current rent passing of the properties and the reversionary potential of the tenancies. In determining the reversionary potential of the tenancies, market approach has been adopted with reference to the recent proposed leasing and sale transactions for similar premises in the proximity.

The fair value estimation was at level 3 of fair value hierarchy.

The fair value measurement is based on the above properties’ highest and best use, which does not differ from their actual use.

For the years ended December 31, 2024, 2025, and three months period ended March 31, 2026, there were no transfers into or out of Level 3 or any other Level.

Investment properties rented out under operating leases

The Group rents out its investment properties to third parties tenants for rental income under operating leases. The rental agreements with tenants typically initially run for a short-term, with or without option to renew after that date at which time all terms are renegotiated. In general, short-term refers to a period of approximately 3 months to 16 years.

Undiscounted rental receivable by the Group under non-cancellable operating lease arrangements at each reporting dates are as follows:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB’000	RMB’000	RMB’000	2026
Within one year	N/A	26,242	39,640	41,173
One to two years	N/A	39,640	28,011	23,206
Two to three years	N/A	28,011	19,576	19,286
Three to four years	N/A	19,576	18,503	17,580
Four to five years	N/A	18,503	17,465	17,202
Over five years	N/A	181,205	163,740	158,476
	N/A	313,177	286,935	276,923

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The Company

	Investment properties
	<i>RMB’000</i>
At January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	
Cost	—
Accumulated depreciation	—
Net book amount	—
Year ended December 31, 2025	
Opening net book amount	—
Transfer from property, plant and equipment	144,648
Transfer from right-of-use assets	20,420
Depreciation	(2,136)
Closing net book amount	162,932
At December 31, 2025 and January 1, 2026	
Cost	216,375
Accumulated depreciation	(53,443)
Net book amount	162,932
Three months ended March 31, 2026	
Opening net book amount	162,932
Depreciation	(1,637)
Closing net book amount	161,295
At March 31, 2026	
Cost	216,375
Accumulated depreciation	(55,080)
Net book amount	161,295

The Company’s investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis.

The Company’s investment properties are located on leasehold lands in the Chinese Mainland with land use periods from 50 years to 70 years.

Fair values of the leased assets and investment properties as at December 31, 2025 and March 31, 2026 are as follows:

	As at December 31, 2025	As at March 31, 2026
	<i>RMB’000</i>	<i>RMB’000</i>
Investment properties in the Chinese Mainland	181,060	180,990

The fair value of the Company’s investment properties as at December 31, 2025 and March 31, 2026 are determined by valuations conducted by Colliers Appraised and Advisory Services (Shanghai) Co., Ltd, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the other investment properties being valued. Under the valuation models, income-based approach has been adopted by taking into account the current rent passing of the properties and the reversionary potential of the tenancies. In determining the reversionary potential of the tenancies, market approach has been adopted with reference to the recent proposed leasing and sale transactions for similar premises in the proximity.

The fair value estimation was at level 3 of fair value hierarchy.

The fair value measurement is based on the above properties’ highest and best use, which does not differ from their actual use.

The Company rents out its investment properties to related and third parties tenants for rental income under operating leases. The rental agreements with tenants typically initially run for a short-term, with or without option to renew after that date at which time all terms are renegotiated. In general, short-term refers to a period of approximately 3 months to 10 years.

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Undiscounted rental receivable by the Company under non-cancellable operating lease arrangements at the reporting date are as follows:

	As at December 31, 2025 RMB’000	As at March 31, 2026 RMB’000
Within one year	18,742	18,906
One to two years	18,981	19,008
Two to three years	19,046	19,109
Three to four years	18,067	17,414
Four to five years	17,029	17,035
Over five years	161,782	157,669
	<u>253,647</u>	<u>249,141</u>

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at March 31,
	2023 RMB’000	2024 RMB’000	2025 RMB’000	2026 RMB’000
Non-current portion				
– Unlisted equity investments, at fair value	6,149	300	352	54,419
Current portion				
– Financial assets designated at FVTPL	297,857	337,775	40,003	210,143
– Listed equity investment, at fair value	–	–	–	24,672
	<u>297,857</u>	<u>337,775</u>	<u>40,003</u>	<u>234,815</u>
Total	<u>304,006</u>	<u>338,075</u>	<u>40,355</u>	<u>289,234</u>

The Company

	As at December 31,			As at March 31,
	2023 RMB’000	2024 RMB’000	2025 RMB’000	2026 RMB’000
Non-current portion				
– Unlisted equity investments, at fair value	5,323	–	–	54,100
Current portion				
– Financial assets designated at FVTPL	–	70,138	–	40,030
Total	<u>5,323</u>	<u>70,138</u>	<u>–</u>	<u>94,130</u>

During the Track Record Period, the Group entered into several contracts of wealth management products with financial institutions in the Chinese Mainland. The returns of those wealth management products were determined by reference to the performance of the underlying financial benchmarks and their expected return rates stated in the outstanding contracts as at December 31, 2023, 2024, 2025 and March 31, 2026 range from 1.39% to 2.51%, 1.50% to 2.95%, 1.10% to 2.30% and 1.10% to 2.30% per annum, respectively. In the opinion of the management of the Group, the fair value of the wealth management products at December 31, 2023, 2024, 2025 and March 31, 2026 approximated their principal amounts. All wealth management products will be matured within twelve months for the end of each reporting period.

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22. DEFERRED TAX

The Group

Deferred tax recognised and movements during the Track Record Period are as follows:

	Impairment losses on financial and non-financial assets	Unused tax losses	Provision for liabilities	Deferred income	Lease liabilities	Fair value gain arising from business combinations	Fair value changes of financial assets	Rights-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	43,070	30,961	5,569	2,130	3,373	(4,599)	(1,301)	(3,236)	(2,369)	73,598
Credited/(charged) to profit or loss	9,237	20,966	349	535	4,886	567	1,087	(4,803)	1,304	34,128
At December 31, 2023 and January 1, 2024	52,307	51,927	5,918	2,665	8,259	(4,032)	(214)	(8,039)	(1,065)	107,726
Credited/(charged) to profit or loss	20,971	10,869	(2,380)	(203)	(7,584)	540	34	7,294	(734)	28,807
At December 31, 2024 and January 1, 2025	73,278	62,796	3,538	2,462	675	(3,492)	(180)	(745)	(1,799)	136,533
Credited/(charged) to profit or loss	7,934	387	1,967	(258)	350	517	164	(520)	2,136	12,677
At December 31, 2025 and January 1, 2026	81,212	63,183	5,505	2,204	1,025	(2,975)	(16)	(1,265)	337	149,210
(Charged)/credited to profit or loss	(3,970)	(7,219)	278	(195)	(66)	129	(20)	89	330	(10,644)
At March 31, 2026	77,242	55,964	5,783	2,009	959	(2,846)	(36)	(1,176)	667	138,566

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ACCOUNTANTS’ REPORT

The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	116,854	145,396	157,202	146,339
Deferred tax liabilities	(9,128)	(8,863)	(7,992)	(7,773)
	<u>107,726</u>	<u>136,533</u>	<u>149,210</u>	<u>138,566</u>

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

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	94,836	330,458	270,605	322,807
	<u>94,836</u>	<u>330,458</u>	<u>270,605</u>	<u>322,807</u>

The tax losses are available in five years for offsetting against future taxable profits arising from Chinese Mainland and Vietnam. Moreover, the tax losses of HNTe are available in ten years for offsetting against future taxable profits arising from Chinese Mainland. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

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The Company

	Impairment losses on financial assets	Unused tax losses	Provision for liabilities	Deferred income	Lease liabilities	Fair value changes of financial assets	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	17,293	–	2,352	2,130	2,053	–	(1,941)	–	21,887
Credited/(charged) to profit or loss	1,921	16,411	(184)	535	(259)	–	282	–	18,706
At December 31, 2023 and January 1, 2024	19,214	16,411	2,168	2,665	1,794	–	(1,659)	–	40,593
Credited/(charged) to profit or loss	5,654	683	(234)	(203)	(1,767)	(21)	1,633	–	5,745
At December 31, 2024 and January 1, 2025	24,868	17,094	1,934	2,462	27	(21)	(26)	–	46,338
Credited/ (charged) to profit or loss	3,244	(7,101)	(291)	(258)	31	21	(33)	301	(4,086)
At December 31, 2025 and January 1, 2026	28,112	9,993	1,643	2,204	58	–	(59)	301	42,252
(Charged)/credited to profit or loss	(4,656)	–	992	(200)	(9)	(4)	10	851	(3,016)
At March 31, 2026	23,456	9,993	2,635	2,004	49	(4)	(49)	1,152	39,236

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The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	40,593	46,338	42,252	39,236
Deferred tax liabilities	—	—	—	—
	40,593	46,338	42,252	39,236

23. INVENTORIES AND OTHER CONTRACT COSTS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw material	103,303	123,223	118,034	134,219
Work in progress	138,575	158,579	178,812	210,964
Finished goods	99,372	93,430	148,937	189,056
Other contract costs	357,956	254,818	472,426	401,608
	699,206	630,050	918,209	935,847

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw material	20,469	19,578	25,051	26,788
Work in progress	29,160	27,847	39,657	38,773
Finished goods	31,200	30,370	54,941	66,196
Other contract costs	187,600	74,196	40,084	38,620
	268,429	151,991	159,733	170,377

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24. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion				
Trade receivables	19,203	31,841	12,804	7,705
Less: allowance for credit losses . . .	(728)	(2,474)	(892)	(705)
	<u>18,475</u>	<u>29,367</u>	<u>11,912</u>	<u>7,000</u>
Current portion				
Trade receivables	2,334,615	1,467,395	1,295,401	1,215,276
Less: allowance for credit losses . . .	(202,788)	(209,437)	(267,651)	(234,001)
	<u>2,131,827</u>	<u>1,257,958</u>	<u>1,027,750</u>	<u>981,275</u>
Bills receivables	215,017	182,798	163,341	228,167
Less: allowance for credit losses . . .	(684)	(961)	(1,116)	(965)
	<u>214,333</u>	<u>181,837</u>	<u>162,225</u>	<u>227,202</u>
	<u>2,346,160</u>	<u>1,439,795</u>	<u>1,189,975</u>	<u>1,208,477</u>
	<u>2,364,635</u>	<u>1,469,162</u>	<u>1,201,887</u>	<u>1,215,477</u>

An aging analysis of trade receivables, net of allowance for credit losses, as at the end of each reporting period, based on the invoice dates, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	895,052	472,432	424,450	443,853
6 months to 1 year	264,420	195,595	147,132	187,886
1 year to 2 years	847,322	275,314	201,207	148,090
2 years to 3 years	131,113	299,950	114,971	71,071
3 years to 4 years	10,851	42,298	146,327	132,835
4 years to 5 years	1,544	1,736	5,575	4,540
	<u>2,150,302</u>	<u>1,287,325</u>	<u>1,039,662</u>	<u>988,275</u>

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Group endorsed certain bills receivables accepted by the banks in the Chinese Mainland (the “**Endorsed Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB418,104,000, RMB284,023,000, RMB171,326,000 and RMB158,400,000 respectively. In the opinion of the directors of the Company, the Group has transferred substantially all risks and rewards relating to Endorsed Bills and it has derecognised the carrying amounts of the Endorsed Bills of RMB313,197,000, RMB174,654,000, RMB102,080,000 and RMB102,295,000 and the associated trade payables of the same amount.

Regarding the remaining balance of the Endorsed Bills of RMB104,907,000, RMB109,369,000, RMB69,246,000 and RMB56,105,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled.

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion				
Trade receivables	586	2,110	—	—
Less: allowance for credit losses . . .	(16)	(156)	—	—
	<u>570</u>	<u>1,954</u>	<u>—</u>	<u>—</u>
Current portion				
Trade receivables	1,158,478	583,912	547,011	529,314
Less: allowance for credit losses . . .	(105,492)	(80,531)	(119,569)	(88,497)
	<u>1,052,986</u>	<u>503,381</u>	<u>427,442</u>	<u>440,817</u>
Bills receivables	64,312	45,872	52,788	60,684
Less: allowance for credit losses . . .	(313)	(429)	(445)	(277)
	<u>63,999</u>	<u>45,443</u>	<u>52,343</u>	<u>60,407</u>
	<u>1,116,985</u>	<u>548,824</u>	<u>479,785</u>	<u>501,224</u>
	<u>1,117,555</u>	<u>550,778</u>	<u>479,785</u>	<u>501,224</u>

An aging analysis of trade receivables, net of allowance for credit losses, as at the end of each reporting period, based on the invoice dates, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	413,212	174,060	160,819	230,093
6 months to 1 year	111,784	52,580	59,757	69,056
1 year to 2 years	437,316	126,868	91,866	55,497
2 years to 3 years	85,961	130,233	49,840	25,641
3 years to 4 years	4,109	20,875	61,659	58,796
4 years to 5 years	1,174	719	3,501	1,734
	<u>1,053,556</u>	<u>505,335</u>	<u>427,442</u>	<u>440,817</u>

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Endorsed Bills to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB143,405,000, RMB137,218,000, RMB125,014,000 and RMB93,463,000 respectively. In the opinion of the directors of the Company, the Company has transferred substantially all risks and rewards relating to Endorsed Bills and has derecognised the carrying amounts of the Endorsed Bills of RMB103,241,000, RMB105,618,000, RMB92,429,000 and RMB66,287,000 and the associated trade payables of the same amount.

Regarding the remaining balance of the Endorsed Bills of RMB40,164,000, RMB31,600,000, RMB32,585,000 and RMB27,176,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, in the opinion of the directors of the Company, the Company has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled.

Trade receivables are generally due up to 6 month from the date of billing.

Further details on the Group’s credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 45(b).

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25. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	59,601	65,622	50,042	57,024
Deferred share issued costs	–	–	14,910	23,725
Other receivables, net of ECL provision	36,172	24,456	50,451	63,677
VAT receivables	169,720	169,232	213,475	178,193
	<u>265,493</u>	<u>259,310</u>	<u>328,878</u>	<u>322,619</u>

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	26,964	19,214	11,661	20,833
Deferred share issued costs	–	–	14,910	23,725
Other receivables, net of ECL provision	14,581	10,385	20,956	20,805
VAT receivables	38,118	23,045	26,017	35,404
	<u>79,663</u>	<u>52,644</u>	<u>73,544</u>	<u>100,767</u>

26. RESTRICTED DEPOSITS, AND CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	<u>959,272</u>	<u>705,402</u>	<u>1,120,176</u>	<u>819,790</u>
Restricted deposits	<u>287,686</u>	<u>116,728</u>	<u>171,905</u>	<u>120,655</u>
	<u>1,246,958</u>	<u>822,130</u>	<u>1,292,081</u>	<u>940,445</u>

The Group’s cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair values.

At December 31, 2023, 2024, 2025 and March 31, 2026, approximately RMB1,188,321,000, RMB704,969,000, RMB1,005,522,000 and RMB617,555,000 were cash deposited with banks or other financial institutions in the Chinese Mainland. These balances were denominated in RMB. RMB is not freely convertible into foreign currencies. Under the Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the Chinese Mainland that are authorised to conduct foreign exchange businesses.

As at December 31, 2023, 2024, 2025 and March 31, 2026, restricted deposits held at banks were mainly denominated in RMB, the majority of which were provided for litigation, issuance of bills payable and bank loan.

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The Company

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Cash and cash equivalents	709,610	386,400	440,666	339,587
Restricted deposits	155,787	64,420	117,212	54,782
	865,397	450,820	557,878	394,369

The Company’s cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair value.

At December 31, 2023, 2024, 2025 and March 31, 2026, approximately RMB865,397,000, RMB450,820,000, RMB557,878,000 and RMB394,369,000 were cash deposited with banks or other financial institutions in the Chinese Mainland. These balances were denominated in RMB. RMB is not freely convertible into foreign currencies. Under the Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the Chinese Mainland that are authorised to conduct foreign exchange businesses.

As at December 31, 2023, 2024 and 2025, restricted deposits held at banks were mainly denominated in RMB, the majority of which were provided for litigation, issuance of bills payable and bank loan.

27. TRADE AND BILLS PAYABLES

The Group

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Trade payables	1,441,891	1,131,499	1,131,600	1,025,044
Bills payables	427,512	288,436	347,461	221,836
	1,869,403	1,419,935	1,479,061	1,246,880

An aging analysis of trade payables as at the end of each reporting period based on the billings dates, is as follows:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Within 1 year	1,311,949	878,930	830,248	783,632
1 to 2 years	99,703	180,875	153,507	89,977
2 to 3 years	22,392	47,277	96,028	111,348
Over 3 years	7,847	24,417	51,817	40,087
	1,441,891	1,131,499	1,131,600	1,025,044

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	352,811	202,289	198,190	173,687
Bills payables	79,347	77,908	58,266	40,029
	<u>432,158</u>	<u>280,197</u>	<u>256,456</u>	<u>213,716</u>

An aging analysis of trade payables as at the end of each reporting period based on the billings dates, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	305,048	145,417	162,479	146,612
1 to 2 years	36,250	36,812	10,459	5,325
2 to 3 years	8,422	14,733	14,345	13,930
Over 3 years	3,091	5,327	10,907	7,820
	<u>352,811</u>	<u>202,289</u>	<u>198,190</u>	<u>173,687</u>

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables:				
– Payable for property, plant and equipment	126,951	97,375	54,916	34,828
– Payable for third parties service fees and deposit	78,618	72,146	82,155	108,278
Accrual share issued cost	–	–	14,326	9,155
Accrued payroll	106,874	105,751	146,839	128,170
Received in advance for share subscription under share incentive scheme	–	–	30,231	31,658
Other tax payables	175,184	137,230	139,554	96,018
	<u>487,627</u>	<u>412,502</u>	<u>468,021</u>	<u>408,107</u>

Note:

As at December 31, 2023, 2024, 2025 and March 31, 2026, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

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The Company

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Other payables:				
– Payable for property, plant and equipment	93,429	91,651	35,086	19,406
– Payable for third parties service fees and deposit	44,572	40,740	39,046	37,366
Accrual share issued cost	–	–	14,326	9,155
Accrued payroll	55,653	57,911	43,716	41,082
Received in advance for share subscription under share incentive scheme	–	–	30,231	31,658
Other tax payables	49,648	40,821	48,126	33,469
	<u>243,302</u>	<u>231,123</u>	<u>210,531</u>	<u>172,136</u>

Note:

As at December 31, 2023, 2024, 2025 and March 31, 2026, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

29. BORROWINGS

The Group

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Bank and other borrowings				
– secured and guaranteed	148,074	233,651	381,966	421,401
– unsecured	777,682	562,347	241,248	243,960
	<u>925,756</u>	<u>795,998</u>	<u>623,214</u>	<u>665,361</u>

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The analysis of the carrying amount of the bank and other borrowings is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Portion of bank borrowings due for repayment within one year or on demand	655,448	543,398	244,922	316,165
Other borrowings due for repayment within one year or on demand . . .	—	—	23,180	20,480
	<u>655,448</u>	<u>543,398</u>	<u>268,102</u>	<u>336,645</u>
Non-current				
Portion of bank borrowings due for repayment more than one year but less than two years	156,703	79,595	166,392	151,423
Portion of bank borrowings due for repayment more than two years but not exceeding five years	55,916	104,931	73,767	77,483
Portion of bank borrowings due for repayment more than five years . .	<u>57,689</u>	<u>68,074</u>	<u>114,953</u>	<u>99,810</u>
	<u>270,308</u>	<u>252,600</u>	<u>355,112</u>	<u>328,716</u>
Total borrowings	<u>925,756</u>	<u>795,998</u>	<u>623,214</u>	<u>665,361</u>

Notes:

- The bank and other borrowings bear interest at fixed or floating interest rates. Their effective rates as the December 31, 2023, 2024, 2025 and March 31, 2026, ranged from 3.10% to 4.70%, from 2.80% to 4.49%, from 1.71% to 3.0%, from 1.52% to 4.87%, respectively per annum. Floating interest rate is adopted with People’s bank of China’s benchmark interest rate, or loan Prime Rate.
- Certain bank and other borrowings were secured by the Group’s bills receivable with carrying amounts of RMB33,689,000, RMB33,000,000, RMB18,902,000 and RMB8,535,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.
- Certain bank and other borrowings are guaranteed by Mr. Wu Fengli, the ultimate controlling party of the Company, and the Company. During the year ended 31 December 2025, the guarantees provided by Mr. Wu Fengli were fully released.
- Certain bank and other borrowings are secured by the 46.9%, 53.6%, 53.6% and 53.6% equity interest of AFMING as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.
- The secured bank and other borrowings are secured by the assets of the Group, the carrying amounts of the assets are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	—	152,372	747,398	740,761
Right of use assets	<u>60,085</u>	<u>107,774</u>	<u>212,601</u>	<u>211,441</u>
	<u>60,085</u>	<u>260,146</u>	<u>959,999</u>	<u>952,202</u>

- All bank and other borrowings are denominated in RMB.

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank and other borrowings				
– secured and guaranteed	63,104	57,094	183,937	227,254
– unsecured	673,186	456,767	186,149	177,641
	<u>736,290</u>	<u>513,861</u>	<u>370,086</u>	<u>404,895</u>

The analysis of the carrying amount of the bank and other borrowings is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Portion of bank borrowings due for repayment within one year or on demand	474,770	279,919	42,317	112,342
Other borrowings due for repayment within one year or on demand . . .	–	–	23,180	20,480
	<u>474,770</u>	<u>279,919</u>	<u>65,497</u>	<u>132,822</u>
Non-current				
Portion of bank borrowings due for repayment more than one year but less than two years	156,000	77,567	160,031	135,546
Portion of bank borrowings due for repayment more than two years but not exceeding five years	53,104	98,036	48,186	52,201
Portion of bank borrowings due for repayment more than five years . .	52,416	58,339	96,372	84,326
	<u>261,520</u>	<u>233,942</u>	<u>304,589</u>	<u>272,073</u>
Total borrowings	<u>736,290</u>	<u>513,861</u>	<u>370,086</u>	<u>404,895</u>

Notes:

- The bank and other borrowings bear interest at fixed or floating interest rates. Their effective rates as the December 31, 2023, 2024, 2025 and March 31, 2026, ranged from 3.10% to 4.49%, 2.80% to 4.49%, 2.80%, and from 2.60% to 4.87%, per annum respectively. Floating interest rate is adopted with People’s bank of China’s benchmark interest rate, or loan Prime Rate.
- Certain bank and other borrowings were secured by the Group’s bills receivable with carrying amounts of RMB22,458,000, RMBNil, RMB15,343,000 and RMB8,535,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.
- Certain bank and other borrowings are guaranteed by Mr. Wu Fengli, the ultimate controlling party of the Company, and the Company. During the year ended 31 December 2025, the guarantees provided by Mr. Wu Fengli were fully released.
- Certain bank and other borrowings are secured by the 46.9%, 53.6%, 53.6% and 53.6% equity interest of AFMING as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

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- e. The secured bank and other borrowings are secured by the assets of the Company, the carrying amounts of the assets are as follows:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB’000	RMB’000	RMB’000	2026
				RMB’000
Property, plant and equipment	—	152,372	466,708	462,770
Right of use assets	—	58,813	164,711	163,819
	—	211,185	631,419	626,589

- f. All bank and other borrowings are denominated in RMB.

30. CONVERTIBLE BONDS

The Group and the Company

The Group had following convertible bond during the Track Record Period:

Name of bonds	Issuance amount	Issuance date	Maturity date
Topstar Convertible Bonds (“拓斯轉債”)	RMB670,000,000	10 March 2021	9 March 2027

On March 10, 2021, the Company issued 6,700,000 convertible bonds for an aggregate principal amount of RMB670 million. The interest rates of the convertible bonds are as below:

First year: 0.30%
Second year: 0.50%
Third year: 1.00%
Fourth year: 1.50%
Fifth year: 1.80%
Sixth year: 2.00%

The convertible bonds will be mature in six years from the issuance date and can be convertible to ordinary shares of the Company at the holder’s option at the conversion price of RMB42.25 per share at any time during the period from September 16, 2021 to the maturity date of the convertible bonds, but subject to the adjustment following the conversion terms if the Company triggers anti-dilution provisions. On July 6, 2021, August 27, 2021, July 14, 2022, December 31, 2022, July 4, 2023, September 25, 2023, June 14, 2024 and June 18, 2024, the conversion rate was adjusted, following the anti-dilution provisions, to RMB26.19 per share, RMB26.18 per share, RMB26.16 per share, RMB26.20 per share, RMB26.13 per share, RMB26.16 per share, RMB26.12 per share and RMB12.8 per share respectively.

During the conversion period, if the closing prices of the Company’s A-shares are higher than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, or if the outstanding balance of the convertible bonds that have not been converted is less than RMB30 million, the Company shall has the right to redeem all or part of the outstanding convertible bonds at par value plus the current accrued interest.

During the last 2 years of the conversion period, if the closing prices of the Company’s A-shares are lower than 70% (inclusive) of the current conversion price for at least 30 trading days, the holders of the convertible bond will have the right to redeem all or part of the outstanding convertible bonds at par value plus the current accrued interest.

At initial recognition, the convertible bonds had been split into the liability component of and equity component. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in other equity instrument reserve.

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The liability component of convertible bonds is subsequently carried at amortised cost using the effective interest method.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Liability component as at January 1 .	625,825	651,300	—	—
Interest accrual (<i>Note 9</i>)	31,545	27,457	—	—
Interest payment	(6,063)	(1,309)	—	—
Conversion	(7)	(675,152)	—	—
Exercise of early redemption option during the year	—	(2,296)	—	—
Liability component as at December 31/March 31	651,300	—	—	—

For the years ended December 31, 2023 and 2024, convertible bonds with principal amount of RMB9,000 and RMB667,459,000 were converted into A shares of the Company.

31. DEFERRED INCOME

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants received	17,765	16,413	14,715	13,381

For the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, government grants of RMB11,775,000, RMB5,997,000, RMB7,778,000 and RMB Nil, respectively have been received in the current year/period related to assets and research and development projects. The amount has been treated as deferred income and amortised over the useful lives of the relevant assets and periods of the respective research and development projects. The amount has been treated as deferred income and amortised over the useful lives of the relevant assets and periods of the respective research and development projects.

As at December 31, 2023, 2024, 2025 and three months ended March 31, 2026, amounts of RMB17,765,000, RMB16,413,000, RMB14,715,000 and RMB13,381,000 respectively deferred income remains to be amortised.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants received	17,765	16,413	14,694	13,360

For the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, government grants of RMB11,775,000, RMB5,997,000, RMB6,839,000 and RMB Nil, respectively have been received in the current year/period related to assets and research and development projects. The amount has been treated as deferred income and amortised over the useful lives of the relevant assets and periods of the respective research and development projects.

As at December 31, 2023, 2024, 2025 and March 31, 2026, amounts of RMB17,765,000, RMB16,413,000, RMB14,694,000 and RMB13,360,000 respectively relate to deferred income remains to be amortised.

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32. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Provision of goods and services	625,239	771,418	701,282	542,909
Less: Allowance for credit losses	(27,766)	(98,860)	(85,160)	(87,253)
	<u>597,473</u>	<u>672,558</u>	<u>616,122</u>	<u>455,656</u>

Contract assets are initially recognised for revenue earned from the provision of goods and services, as the receipt of consideration is conditional on the customers’ final acceptance and successful completion of services. Upon the customers’ final acceptance of the goods and services, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	29,880	59,432	90,270	82,122
More than one year and less than two years	595,359	711,986	611,012	460,787
Total	<u>625,239</u>	<u>771,418</u>	<u>701,282</u>	<u>542,909</u>

Movements in contract assets

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at the beginning of the year/period	677,920	625,239	771,418	701,282
Rights of consideration for works amplitude but not yet billed	4,552,706	2,871,636	2,510,081	537,683
Transfer from contract assets recognised at the beginning of the reporting period to trade receivables	<u>(4,605,387)</u>	<u>(2,725,457)</u>	<u>(2,580,217)</u>	<u>(696,056)</u>
Balance as at the end of the year/period	<u>625,239</u>	<u>771,418</u>	<u>701,282</u>	<u>542,909</u>

An impairment analysis is performed at each reporting end during the Track Record Period using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the past due status of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability-weighted outcome, the time value of money, and

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reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

Information about the impairment of contract assets and the Group exposure to credit risk are set out in Note 45(b).

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Provision of goods and services	50,071	99,298	64,283	59,352
Less: Allowance for credit losses	(2,131)	(11,798)	(2,722)	(2,686)
	<u>47,940</u>	<u>87,500</u>	<u>61,561</u>	<u>56,666</u>

Contract assets are initially recognised for revenue earned from the provision of goods and services, as the receipt of consideration is conditional on the customers’ final acceptance and successful completion of services. Upon the customers’ final acceptance of the goods and services, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	24,474	50,187	61,932	57,001
More than one year and less than two years	25,597	49,111	2,351	2,351
Total	<u>50,071</u>	<u>99,298</u>	<u>64,283</u>	<u>59,352</u>

Movements in contract assets

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at the beginning of the year/period	280,571	50,071	99,298	64,283
Rights of consideration for works amplitude but not yet billed	1,646,469	1,397,597	1,374,248	461,494
Transfer from contract assets recognised at the beginning of the reporting period to trade receivables	<u>(1,876,969)</u>	<u>(1,348,370)</u>	<u>(1,409,263)</u>	<u>(466,425)</u>
Balance as at the end of the year/period	<u>50,071</u>	<u>99,298</u>	<u>64,283</u>	<u>59,352</u>

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(b) Contract liabilities

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities arising from				
Prepayments received from customers	490,106	325,375	556,339	509,505

The contract liabilities represented the advance consideration received from customers. The addition of contract liabilities was mainly due to the increase in cash payments made upfront by the Group’s customers under sales contracts. The Group receives payment from customers based on billing schedule as established in contracts.

Movements in contract liabilities

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at the beginning of the year/period	638,487	490,106	325,375	556,339
Decrease in contract liabilities as a result of recognising revenue during the reporting period that was included in the contract liabilities at the beginning of the reporting period	(566,230)	(425,570)	(260,514)	(215,359)
Increase in contract liabilities as a result of billing in advance	417,849	260,839	491,478	168,525
Balance as at the end of the year/period	490,106	325,375	556,339	509,505

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities arising from				
Prepayments received from customers	243,313	231,928	423,724	331,594

The contract liabilities represented the advance consideration received from customers. The addition of contract liabilities was mainly due to the increase in cash payments made upfront by the Company’s customers under sales contracts. The Company receives payment from customers based on billing schedule as established in contracts.

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Movements in contract liabilities

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at the beginning of the year/period	273,793	243,313	231,928	423,724
Decrease in contract liabilities as a result of recognising revenue during the reporting period that was included in the contract liabilities at the beginning of the reporting period	(225,177)	(188,414)	(178,934)	(175,821)
Increase in contract liabilities as a result of billing in advance	194,697	177,029	370,730	83,691
Balance as at the end of the year/period	243,313	231,928	423,724	331,594

33. LEASE LIABILITIES

The Group

The Group lease properties to operate its business. These leases are typically made for fixed terms of two to five years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings (Note 16). The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably (Note 19).

The Group also lease properties with term of less than one year. These leases are short-term and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Movement of the lease liabilities is analysed as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	21,328	39,061	3,313	4,695
New leases	31,470	1,851	4,525	1,241
Interest expense (Note 9)	2,014	1,474	697	393
Lease modification	(3,505)	(31,216)	(783)	(624)
Repayment of lease payments	(12,246)	(7,772)	(3,398)	(924)
Exchange difference	—	(85)	341	(22)
At the end of the year/period	39,061	3,313	4,695	4,759

Total cash outflows for leases included in the consolidated statements of cash flows for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 were RMB20,223,000, RMB13,893,000, RMB9,389,000 and RMB2,076,000, respectively.

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The future lease payments of the Group’s leases (excluding short-term leases) were scheduled to repay as follows:

	Minimum lease payments	Future interest expenses	Present value
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at December 31, 2023			
– within 1 year	10,099	(1,532)	8,567
– 1 to 2 years, inclusive	7,138	(1,210)	5,928
– 2 to 3 years, inclusive	6,305	(972)	5,333
– 3 to 4 years, inclusive	6,344	(729)	5,615
– 4 to 5 years, inclusive	5,759	(496)	5,263
– over 5 years	8,860	(505)	8,355
	<u>44,505</u>	<u>(5,444)</u>	<u>39,061</u>
As at December 31, 2024			
– within 1 year	1,405	(102)	1,303
– 1 to 2 years, inclusive	1,193	(53)	1,140
– 2 to 3 years, inclusive	767	(17)	750
– 3 to 4 years, inclusive	124	(4)	120
	<u>3,489</u>	<u>(176)</u>	<u>3,313</u>
As at December 31, 2025			
– within 1 year	2,561	(133)	2,428
– 1 to 2 years, inclusive	2,194	(47)	2,147
– 2 to 3 years, inclusive	124	(4)	120
	<u>4,879</u>	<u>(184)</u>	<u>4,695</u>
As at March 31, 2026			
– within 1 year	2,581	(121)	2,460
– 1 to 2 years, inclusive	1,886	(45)	1,841
– 2 to 3 years, inclusive	466	(8)	458
	<u>4,933</u>	<u>(174)</u>	<u>4,759</u>

The Company

The Company lease properties to operate its business. These leases are typically made for fixed terms of two years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

In addition, the Company owns several industrial buildings where its manufacturing facilities are primarily located and office buildings (Note 16). The Company is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably (Note 19).

The Company also lease properties with term of less than one year. These leases are short-term and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

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Movement of the lease liabilities is analysed as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year/period .	13,686	11,958	176	386
New leases	746	–	460	–
Interest expense	653	556	438	358
Lease modification	(123)	(9,820)	–	–
Repayment of lease payments	(3,004)	(2,518)	(688)	(415)
At the end of the year/period	<u>11,958</u>	<u>176</u>	<u>386</u>	<u>329</u>

Total cash outflows for leases for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 were RMB5,181,000, RMB3,779,000, RMB1,093,000 and RMB509,000, respectively.

The future lease payments of the Company’s leases (excluding short-term leases) were scheduled to repay as follows:

	Minimum lease payments	Future interest expenses	Present value
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at December 31, 2023			
– within 1 year	2,445	(483)	1,962
– 1 to 2 years, inclusive	1,621	(417)	1,204
– 2 to 3 years, inclusive	1,442	(367)	1,075
– 3 to 4 years, inclusive	1,480	(317)	1,163
– 4 to 5 years, inclusive	1,557	(264)	1,293
– over 5 years	5,709	(448)	5,261
	<u>14,254</u>	<u>(2,296)</u>	<u>11,958</u>
As at December 31, 2024			
– within 1 year	180	(4)	176
	<u>180</u>	<u>(4)</u>	<u>176</u>
As at December 31, 2025			
– within 1 year	240	(11)	229
– 1 to 2 years, inclusive	160	(3)	157
	<u>400</u>	<u>(14)</u>	<u>386</u>
As at March 31, 2026			
– within 1 year	240	(10)	230
– 1 to 2 years, inclusive	100	(1)	99
	<u>340</u>	<u>(11)</u>	<u>329</u>

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34. PROVISIONS

The Group

	Provisions of product warranty	Provisions for onerous contracts	Provisions for outstanding litigation and claims	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2023	29,425	—	4,100	33,525
Additional provision	—	—	4,316	4,316
Amounts utilised during the year . .	(1,455)	—	—	(1,455)
At December 31, 2023 and January 1, 2024	27,970	—	8,416	36,386
Additional provision	—	426	—	426
Amounts utilised during the year . .	(7,329)	—	(8,416)	(15,745)
At December 31, 2024 and January 1, 2025	20,641	426	—	21,067
Additional provision	6,937	—	61	6,998
Amounts utilised during the year . .	—	(426)	(61)	(487)
At December 31, 2025 and January 1, 2026	27,578	—	—	27,578
Additional provision	1,316	—	2,249	3,565
At March 31, 2026	28,894	—	2,249	31,143

The Group provides one-year assurance-type warranties to its customers on certain of its products and warranties ranging from one to two years to its customers for intelligent energy and environmental projects for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

The Company

	Provisions of product warranty	Provisions for onerous contracts	Provisions for outstanding litigation and claims	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2023	15,682	—	4,100	19,782
Amounts utilised during the year . .	(1,230)	—	—	(1,230)
At December 31, 2023 and January 1, 2024	14,452	—	4,100	18,552
Additional provision	—	2	—	2
Amounts utilised during the year . .	(1,560)	—	(4,100)	(5,660)
At December 31, 2024 and January 1, 2025	12,892	2	—	12,894
Additional provision	—	—	61	61
Amounts utilised during the year . .	(1,943)	(2)	(61)	(2,006)
At December 31, 2025 and January 1, 2026	10,949	—	—	10,949
Additional provision	4,457	—	2,161	6,618
At March 31, 2026	15,406	—	2,161	17,567

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The Company provides one-year assurance-type warranties to its customers on certain of its products and warranties ranging from one to two years to its customers for intelligent energy and environmental projects for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

35. SHARE CAPITAL

	Number of shares	Share capital RMB'000
Ordinary shares of RMB1.00 each, issued and fully paid:		
At January 1, 2023	425,418,558	425,419
Cancellation of shares (<i>Note (a)</i>)	(588,334)	(589)
At December 31, 2023 and January 1, 2024	424,830,224	424,830
Issuance of new shares upon conversion of bonds (<i>Note (b)</i>)	52,142,188	52,142
At December 31, 2024, January 1, 2025 and December 31, 2025, January 1, 2026 and March 31, 2026	476,972,412	476,972

Notes:

- (a) On July 4, 2023, the Company cancelled 588,334 ordinary shares which were previously held as treasury shares.
- (b) During the year ended December 31, 2024, convertible bonds of nominal value of RMB667,459,000 were converted into 52,142,188 ordinary shares of the Company. Further details are set out in Note 30 to the Historical Financial Information.

36. RESERVES

The Group and the Company

The Group’s and the Company’s reserves and the movements therein for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 are presented in the consolidated statements of changes in equity and the summary to the Company’s reserve movements as set out below, respectively.

Summary of the Company’s reserve movements is as follows:

	Capital reserves	Other equity instruments	Shares held under the restricted share incentive scheme	Surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	730,633	78,306	(34,348)	114,881	720,727	1,610,199
Loss for the year	–	–	–	–	(41,565)	(41,565)
Conversion of bonds	8	(1)	–	–	–	7
Cancellation of shares	(3,725)	–	4,314	–	–	589
Share-based compensation	1,404	–	–	–	–	1,404
Acquisition of treasury shares	–	–	(4,968)	–	–	(4,968)
Dividend recognised as distribution	–	–	–	–	(30,006)	(30,006)
At December 31, 2023 and January 1, 2024	728,320	78,305	(35,002)	114,881	649,156	1,535,660
Loss for the year	–	–	–	–	(27,821)	(27,821)
Conversion of bonds	701,315	(78,305)	–	–	–	623,010
Share-based compensation	917	–	–	–	–	917
Acquisition of treasury shares	–	–	(21,131)	–	–	(21,131)
Dividend recognised as distribution	–	–	–	–	(18,111)	(18,111)

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	Capital reserves	Other equity instruments	Shares held under the restricted share incentive scheme	Surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024 and						
January 1, 2025	1,430,552	–	(56,133)	114,881	603,224	2,092,524
Profit for the year	–	–	–	–	43,219	43,219
Share-based compensation . . .	(317)	–	–	–	–	(317)
Appropriation to statutory reserve	–	–	–	4,322	(4,322)	–
At December 31, 2025 and						
January 1, 2026	1,430,235	–	(56,133)	119,203	642,121	2,135,426
Profit for the period	–	–	–	–	13,180	13,180
Share-based compensation . . .	5,678	–	–	–	–	5,678
At March 31, 2026	1,435,913	–	(56,133)	119,203	655,301	2,154,284

(a) Capital reserve

The capital reserve represents (i) the excess of capital contributions from the equity holders of the Company over the share capital; (ii) the excess of the consideration over the carrying amount of the non-controlling interests acquired/disposed of; and (iii) equity-settled share-based compensation granted.

(b) Other equity instrument

The amount represents equity component of convertible bonds issued.

(c) Exchange reserve

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of group entities whose the functional currencies are not RMB.

(d) Shares held under the share incentive scheme

For the purpose of share incentive schemes adopted, the Company purchases its own ordinary shares from the market and held as treasury shares.

(e) Surplus reserve

In accordance with the Company Law of the People’s Republic of China and the articles of association of the subsidiaries established in Chinese Mainland, Chinese Mainland group entities are required to appropriate 10% of their net profits after tax, as determined under the generally accepted accounting principles of the Chinese Mainland, to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Subject to certain restrictions set out in the relevant Chinese Mainland’s regulations and in the articles of association of the group entities, the statutory reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the group entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(f) Retained earnings

Cumulative net gains and losses recognised in profit or loss.

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37. SHARE INCENTIVE SCHEMES

(a) A-Share Incentive Plans

The Group and the Company

In order to establish and improve the long-term incentive mechanism of the Group, attract and retain outstanding talents, and fully mobilise the enthusiasm of senior managers, middle-level managers and key employees, the Group adopted share incentive schemes in August 17, 2023 (the “**2023 Restricted A Share Incentive Scheme**”) and December 24, 2025 (the “**2025 Employee Shareholding Plan**”) respectively. The share incentive participants include senior managers, middle-level managers and key employees of the Group.

2023 Restricted A Share Incentive Scheme

On October 29, 2023, pursuant to the 2023 Restricted A Share Incentive Scheme, 3,192,900 A shares of the Company were granted to 37 employees at a subscription price of RMB7.85 per share. The restricted shares granted under the 2023 Restricted A Share Incentive Scheme shall be vested with certain performance conditions in three phases within the next 36 months after the expiration of the date of initial grant of the restricted shares, with the proportions of unlocking the restriction in three phases being 40%, 30% and 30%. The fair value of services received in return for restricted shares granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model.

During the years ended December 31, 2023 and 2024, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income under 2023 Restricted A Share Incentive Schemes were RMB1,404,000, RMB917,000 respectively.

During the year ended December 31, 2025, 1,636,380 A shares were forfeited as a result of the performance conditions have not been met. The Group has reversed a share based payment expenses of RMB2,321,000 in the consolidated statements of profit or loss and other comprehensive income under 2023 Restricted A Share Incentive Schemes.

The number of restricted shares granted and outstanding during the Track Record Period as follows:

	Year ended December 31,		
	2023	2024	2025
	<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>
At January 1	–	3,192,900	1,636,380
Granted during the year	3,192,900	–	–
Forfeited during the year	–	(1,556,520)	(1,636,380)
Vested during the year	–	–	–
At December 31	<u>3,192,900</u>	<u>1,636,380</u>	<u>–</u>

2025 Employee Shareholding Plan

On December 24, 2025, pursuant to the 2025 Employee Shareholding Plan, 2,129,000 A shares of the Company were granted to 61 employees at a subscription price of RMB14.87 per share. The restricted shares granted under 2025 Employee Shareholding Plan shall be vested with certain performance conditions in two phases within the next 24 months after the expiration of the date of initial grant of the restricted shares, with the proportions of unlocking the restriction in two phases being 50% and 50%. The fair value of services received in return for restricted shares granted is measured by reference to the fair value of such equity instruments on the grant date and the subscription price paid by employees.

During the years ended December 31, 2025 and three months ended March 31, 2026, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income under Restricted A Share Incentive Schemes was RMB2,004,000 and RMB5,678,000 respectively.

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The number of restricted shares granted and outstanding during the Track Record Period as follows:

	Year ended December 31,	Three months ended March 31,
	2025	2026
	No. of shares	No. of shares
At January 1	—	2,129,000
Granted during the year/period	2,129,000	—
Forfeited during the year/period	—	—
Vested during the year/period	—	—
At December 31/March 31	2,129,000	2,129,000

(b) AFMING Share Incentive Plan

The Group

The establishment of the share incentive plan (“AFMING Share Incentive Plan”) for a non-wholly owned subsidiaries of the Company, namely AFMING was approved on May 10, 2023. Platform entities (“Platforms”) were set up for the purpose of holding shares of AFMING on behalf of certain eligible employees of AFMING who were entitled to acquire the equity interests of Platforms as rewards for their services and in exchange for their full-time devotion and professional expertise. The fair value of services received in return for Platform’s equity interests is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the discounted cash flows method.

During the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income under AFMING Share Incentive Plan were RMB2,166,000, RMB4,335,000, RMB6,439,000 and RMB857,000 respectively.

38. NON-CONTROLLING INTERESTS

The Group

	Ownership interests held by non-controlling interests			
	As at December 31,			As at March 31,
	2023	2024	2025	2026
Name of subsidiary				
Dongguan Tuosi Beida Energy Saving Technology Co., Ltd.	30%	30%	30%	30%
Dongguan Tuosida Intelligent Clean Technology Co., Ltd.	45%	45%	45%	45%
Dongguan Tuosida Intelligent System Technology Co., Ltd.	N/A	20%	20%	20%
AFMING	53.1%	46.4%	46.4%	46.4%
Guangdong Matrix Zhituo Technology Co., Ltd	N/A	N/A	49%	49%
PT Topstar Indonesia Technology	N/A	N/A	33%	33%

Summarised financial information in relation to the material non-controlling interests (“NCI”) is presented below:

(i) AFMING

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Current assets	395,835	532,678	588,983	616,165
Non-current assets	45,650	105,373	88,121	85,377
Current liabilities	287,788	423,529	466,355	490,930
Non-current liabilities	2,231	43,518	33,809	40,179
Net assets	151,466	171,004	176,940	170,433
Accumulated NCI	80,428	79,346	82,100	79,081

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	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Revenue	351,718	307,111	329,084	53,115
Post-tax profit or loss	42,208	15,207	(503)	(7,364)
Total comprehensive income	42,208	15,207	(503)	(7,364)
Profit or loss allocated to				
NCI	22,412	7,056	(233)	(3,417)

Material transactions with non-controlling interests

Following the adoption of AFMING Share Incentive Plan by the Company on May 10, 2023, Platforms injected capital of RMB26 million to AFMING and the Group’s interest in AFMING was diluted from 51% to 46.89%. The consideration received from the Platforms exceeded the additional non-controlling interests being recognised and difference of approximately RMB7,296,000 was recorded in capital reserve during the year ended December 31, 2023.

During the year ended December 31, 2023, non-controlling shareholders of a subsidiary, namely Shenzhen Xingmeng Automation Co., Ltd, injected capital of RMB5,900,000 to the subsidiary. The difference of RMB184,000 between the increase in non-controlling interests and the injected capital has been credited to capital reserve.

During the year ended December 31, 2024, the Group’s entered into various agreements with the non-controlling shareholders of AFMING. Following the completion of these agreements, the Group’s interest in AFMING increased to 53.6% with the proportionate share at the carrying amount of the net assets of AFMING of transferred to non-controlling interest. The difference of approximately RMB8.1 million between the decrease in non-controlling interests of RMB11.4 million and the total consideration paid of approximately RMB19.5 million has been debited to capital reserve.

39. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below shows the details changes in the Group’s liabilities arising from financing activities. Liabilities arising from financing activities are those for which each cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows from financing activities.

	Convertible bonds	Borrowings	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023	625,825	786,743	21,328	1,433,896
Changes from financing cash flows:				
Drawdown of borrowings	–	919,285	–	919,285
Repayment of borrowings	–	(785,389)	–	(785,389)
Repayment of lease liabilities	–	–	(12,246)	(12,246)
Interest paid	(6,063)	(31,161)	–	(37,224)
Total changes from financing cash flows	(6,063)	102,735	(12,246)	84,426
Other changes:				
Interest expenses	31,545	36,278	2,014	69,837
New leases	–	–	31,470	31,470
Lease modification	–	–	(3,505)	(3,505)
Conversion	(7)	–	–	(7)
Total other changes	31,538	36,278	29,979	97,795
At December 31, 2023	651,300	925,756	39,061	1,616,117

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	Convertible bonds	Borrowings	Lease Liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2024	651,300	925,756	39,061	1,616,117
Changes from financing cash flows:				
Drawdown of borrowings	–	763,084	–	763,084
Repayment of borrowings	–	(897,276)	–	(897,276)
Redemption of bonds	(2,296)	–	–	(2,296)
Repayment of lease liabilities	–	–	(7,772)	(7,772)
Interest paid	(1,309)	(28,899)	–	(30,208)
Total changes from financing cash flows	(3,605)	(163,091)	(7,772)	(174,468)
Other changes:				
Interest expenses	27,457	33,333	1,474	62,264
Conversion of bonds	(675,152)	–	–	(675,152)
New leases	–	–	1,851	1,851
Lease modification	–	–	(31,216)	(31,216)
Others	–	–	(85)	(85)
Total other changes	(647,695)	33,333	(27,976)	(642,338)
At December 31, 2024	<u>–</u>	<u>795,998</u>	<u>3,313</u>	<u>799,311</u>
	Received in advance for share subscription under share incentive scheme included in other payables and accruals	Borrowings	Lease Liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2025	–	795,998	3,313	799,311
Changes from financing cash flows:				
Drawdown of borrowings	–	702,871	–	702,871
Repayment of borrowings	–	(875,421)	–	(875,421)
Repayment of lease liabilities	–	–	(3,398)	(3,398)
Interest paid	–	(23,976)	–	(23,976)
Proceed received in advance for share subscription for share incentive scheme	30,231	–	–	30,231
Total changes from financing cash flows	30,231	(196,526)	(3,398)	(169,693)
Other changes:				
Interest expenses	–	23,742	697	24,439
New leases	–	–	4,525	4,525
Lease modification	–	–	(783)	(783)
Others	–	–	341	341
Total other changes	–	23,742	4,780	28,522
At December 31, 2025	<u>30,231</u>	<u>623,214</u>	<u>4,695</u>	<u>658,140</u>

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	Borrowings	Lease Liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2025	795,998	3,313	799,311
Changes from financing cash flows (unaudited):			
Drawdown of borrowings	448,658	–	448,658
Repayment of borrowings	(97,703)	–	(97,703)
Repayment of lease liabilities	–	(652)	(652)
Interest paid	(8,349)	–	(8,349)
Total changes from financing cash flows	342,606	(652)	341,954
Other changes (unaudited):			
Interest expenses	8,603	124	8,727
New leases	–	1,012	1,012
Lease modification	–	(780)	(780)
Others	–	(3)	(3)
Total other changes	8,603	353	8,956
At March 31, 2025 (unaudited)	<u>1,147,207</u>	<u>3,014</u>	<u>1,150,221</u>

	Received in advance for share subscription under share incentive scheme included in other payables and accruals	Accrual share issued cost included in other payables and accruals	Borrowings	Lease Liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At January 1, 2026	30,231	14,326	623,214	4,695	672,466
Changes from financing cash flows:					
Drawdown of borrowings	–	–	117,800	–	117,800
Repayment of borrowings	–	–	(75,686)	–	(75,686)
Repayment of lease liabilities	–	–	–	(924)	(924)
Proceed received in advance for share subscription for share incentive scheme	1,427	–	–	–	1,427
Share issued cost paid	–	(12,083)	–	–	(12,083)
Interest paid	–	–	(4,210)	–	(4,210)
Total changes from financing cash flows	1,427	(12,083)	37,904	(924)	26,324
Other changes:					
Interest expenses	–	–	4,243	393	4,636
New leases	–	–	–	1,241	1,241
Lease modification	–	–	–	(624)	(624)
Others	–	6,912	–	(22)	6,890
Total other changes	–	6,912	4,243	988	12,143
At March 31, 2026	<u>31,658</u>	<u>9,155</u>	<u>665,361</u>	<u>4,759</u>	<u>710,933</u>

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40. INVESTMENT IN AND BALANCES WITH SUBSIDIARIES

The Company

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
Investment cost	1,497,736	1,459,946	1,481,946	1,431,946

As at 31 December 2023, 2024, 2025 and March 31, 2026, amounts due from/to subsidiaries are unsecured, interest-free and repayment on demand or according to contract terms.

As at December 31, 2024, the management of the Group concluded there was indication of impairment for investments in certain subsidiaries due to their unfavourable performance. Based on the results of an assessment, impairment losses of RMB57,775,000 was recognised as at that date. The recoverable amounts were determined with reference to the fair value less costs of disposal of the relevant subsidiaries. The relevant fair values were assessed by adjusted net assets approach and were at level 3 of fair value hierarchy.

41. CAPITAL COMMITMENTS

The Group

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Group had outstanding capital commitments as follows:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
Contracted, but not provided for:				
– Acquisition of property, plant and equipment	28,761	6,104	1,610	1,169
	28,761	6,104	1,610	1,169

The Company

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Company had outstanding capital commitments as follows:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
Contracted, but not provided for:				
– Acquisition of property, plant and equipment	1,090	1,946	615	831
	1,090	1,946	615	831

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42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

- (a) Save as disclosed elsewhere in the Historical Financial Information, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

Name of related parties	Relationship with the Group
Yang Shuangbao* (“楊雙保”)	Shareholder of the Company, Vice President
Huang Daibo* (“黃代波”)	Executive Director and Vice President
Zhang Peng* (“張朋”)	Executive Director
Lan Haitao* (“蘭海濤”)	Executive Director
Mao Yongjun* (“毛勇軍”)	Director
Huang Jing* (“黃晶”)	Executive Director
Zhou Yongchong* (“周永沖”)	CFO, Chief Financial Officer, Secretary to the Board of Directors (the Secretary to the Board of Directors was appointed in March 2026)
Zhou Xin* (“周鑫”)	Independent Non-Executive Directors
Wan Jiafu* (“萬加富”)	Independent Non-Executive Directors
Feng Jierong* (“馮傑榮”)	Independent Non-Executive Directors
Ye Derong* (“葉德容”)	Independent Non-Executive Directors
Yang Lianda* (“楊聯達”)	Independent Non-Executive Directors
Wang Zhicheng* (“王志成”)	Employee Representative Director
Fu Xiujiang* (“付秀江”)	Chairman of the Supervisory Board
Yang Shairu* (“楊曬汝”)	Supervisor
Tang Bo* (“唐波”)	Supervisor
Xie Shimei* (“謝仕梅”)	Secretary to the Board of Directors, Vice President (the Secretary to the Board of Directors and Vice President resigned in March 2026)
Dongguan Tuochen Industrial Investment Co., Ltd.* (“東莞拓晨實業投資有限公司”) . . .	Company controlled by a significant shareholder
Dongguan Push Network Technology Co., Ltd.* (“東莞市推備網絡科技有限公司”)	Company controlled by a significant shareholder
Guangdong Banghe Investment Co., Ltd.* (“廣東邦和投資有限公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
SuZhou Industrial Park Garbo Precision Machinery Co., Ltd.* (“蘇州工業園區嘉寶精 密機械有限公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Suzhou City Goes With The Trend To Manage Partnership Enterprises (Limited Partnership)* (“蘇州市順勢而為企業管理合夥 企業(有限合夥)”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Suzhou Omatech Automation Equipment Co., Ltd.* (“蘇州市歐邁泰克自動化設備有限 公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Alltin Fastener (Suzhou) Co., Ltd.* (“一釘緊固件(蘇州)有限公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Dongguan Tian’an Yungu Investment Co., Ltd.* (“東莞市大嶺山天安雲穀投資有限 公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Ningbo Tuochen Enterprise Management Partnership Enterprise (Limited Partnership)* (“寧波拓晨企業管理合夥企業 (有限合夥)”)	Wu Fengli, a related natural person, serves as an Executive Director and Partner holding a 7.99% interest
Zhongjian (Dongguan) Management Co., Ltd.* (“中堅(東莞)管理有限公司”)	Enterprises controlled by Independent Non-Executive Director Zhou Xin
Zhongzong Project Management (Guangzhou) Co., Ltd.* (“中縱項目管理(廣州)有限公司”) .	Enterprises indirectly controlled by Independent Non-Executive Director Zhou Xin, who serves as Executive Director, Manager, and Legal Representative

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Name of related parties	Relationship with the Group
Xi-An Topfer Electronic Technology Co., Ltd (“創銳裝備智造(西安)股份有限公司”)	Enterprises where Independent Non-Executive Director Zhou Xin serves as an Executive Director
Guangdong Lvze Intelligent Technology Co., Ltd.* (“廣東綠澤智能科技有限公司”)	Enterprises where Independent Non-Executive Director Zhou Xin serves as an Executive Director, Manager, and Legal Representative
Baishi Qijia (Dongguan) Management Co., Ltd.* (“百世齊家(東莞)管理有限公司”)	Enterprises directly controlled by Independent Non-Executive Director Zhou Xin, where he serves as an Executive Director, Manager, and Legal Representative
Guangdong JET Orient Technology Limited* (“廣東捷凱科技有限公司”)	Enterprises where Independent Non-Executive Director Zhou Xin serves as Executive Director, Manager, and Legal Representative
Six One Center (Dongguan) Enterprise Operation Management Center (Limited Partnership)* (“六位一心(東莞)企業運營管理中心(有限合夥)”)	Enterprises indirectly controlled by Independent Non-Executive Director Zhou Xin
Zhongzong Growth (Dongguan) Management Co., Ltd.* (“中縱成長(東莞)管理有限公司”)	Enterprises indirectly controlled by Independent Non-Executive Director Zhou Xin
Dongguan Xincheng Accountants Firm* (Common Partner)* (“東莞市鑫成會計師事務所(普通合夥)”)	Enterprises controlled by family members closely related to Independent Non-Executive Director Zhou Xin
Dongguan Chentuo Zhimi Enterprise Management Center* (Limited Partnership)* (“東莞市晨拓智米企業管理中心(有限合夥)”)	Enterprise where Executive Director Zhang Peng serves as Managing Partner and holds a 70% stake
Ruichang Tuochen Enterprise Management Center* (Limited Partnership)* (“瑞昌拓晨企業管理中心(有限合夥)”)	Enterprise where CFO Zhou Yongchong serves as Managing Partner and holds a 6.4% stake
School of Mechanical and Automotive Engineering, South China University of Technology* (“華南理工大學機械與汽車工程學院”)	Institutions where Independent Non-Executive Director Wan Jiafu serves as Associate Professor and Professor
Shanxi Datong University* (“山西大同大學”)	Institutions where Independent Non-Executive Director Wan Jiafu serves as Adjunct Professor
Cosonic Intelligent Technologies Co., Ltd.* (“佳禾智能科技股份有限公司”)	Enterprise where Independent Non-Executive Director Wan Jiafu serves as an Independent Director
Guangdong Keyuan Law Firm* (“廣東可園律師事務所”)	Enterprise where Independent Non-Executive Director Feng Jierong serves as lawyer
Kingpound Law Firm* (“廣州金鵬(東莞)律師事務所”)	Enterprise where Independent Non-Executive Director Yang Lianda serves as full-time lawyer
Dongguan Yongxin Electromechanical Equipment Co., Ltd.* (“東莞市永鑫機電設備有限公司”)	Enterprise controlled by family members closely related to the company Director, Mao Yongjun
Wuhan JoTong Intelligent Technology Co., Ltd. * (“武漢久同智能科技有限公司”)	Associate
Suzhou Tiantong Intelligent Technology Co., Ltd.* (“蘇州天彤智能科技有限公司”)	The enterprise controlled by related natural person Huang Daibo
Suzhou Haifeda Mechanical and Electrical Engineering Co., Ltd.* (“蘇州海斐達機電工程有限公司”)	The enterprise indirectly controlled by related natural person Huang Daibo
Suzhou Boyi Intelligent Technology Co., Ltd.* (“蘇州鉞沂智能科技有限公司”)	Enterprises directly controlled by Executive Director and Vice President Huang Daibo who serves as Manager
Dongguan Junye Green Energy Environment Technology Co., Ltd.* (“東莞鈞業綠能環境科技有限公司”)	Enterprises directly controlled by Executive Director and Vice President Huang Daibo who serves as Manager
Guangdong Tuotao Network Technology Co., Ltd.* (“廣東駝駝網絡科技有限公司”)	Associate
Dongguan Juhe Enterprise Management Center (Limited Partnership)* (“東莞市巨禾企業管理中心(有限合夥)”)	Zhou Xin, an Independent Non-Executive Directors who serves as an Executive Director and Partner holding a 52.33% interest

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Name of related parties	Relationship with the Group
Guangzhou Jingbao Technology Co., Ltd. (deregistered on June 10, 2025)* (“廣州勁爆 科技有限公司” (deregistered on June 10, 2025)).	Zhou Xin, an Independent Non-Executive Directors who serves as Manager
Suzhou Changpingxing Technology Co., Ltd.* (“蘇州長平星科技有限公司”).	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Xinzhongyan Shenzhen Intelligent Logistics Equipment Co., Ltd.* (“深圳市鑫中岩智能物 流裝備有限公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Asia Gatekeeper Commerce Co.,Ltd.* (“昆山昶 樂模塑科技有限公司”).	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Kunshan Changrun Welding Technology Co., Ltd.* (“昆山昶潤焊接科技有限公司”).	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Biel Crystal Machinery (Singapore) Private Limited.	Associate
Qianhai Health Holdings Limited* (“前海健康控股有限公司”).	Independent Director Ye Derong serves as Chief Financial Director and Company Secretary
Hainan Yiding Technology Co., Ltd.* (“海南一釘科技有限公司”)	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
BTS Intelligent Equipment (Vietnam) Limited .	Enterprises controlled by entities where Director Zhang Peng serves as a director

* The English translation of terms or names in Chinese which are marked with “*” is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

(b) The Group entered into the following related party transactions with related companies during the Track Record Period:

		Year ended December 31,			Three months ended March 31,
	Nature of transaction	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Related companies					
Dongguan Tuochen Industrial Investment Co., Ltd.	Purchase of products	(7,129)	(6,042)	422	3,128
Dongguan Push Network Technology Co., Ltd. . .	Purchase of products	(778)	(738)	37	120
Dongguan Xincheng Accountants Firm (Common Partner)	Purchase of products	–	(12)	–	–
Dongguan Yongxin Electromechanical Equipment Co., Ltd..	Purchase of products	10,002	–	–	–
Dongguan Junye Green Energy Environment Technology Co., Ltd.	Purchase of services	–	–	–	20
Dongguan Junye Green Energy Environment Technology Co., Ltd.	Selling products	–	–	–	470
Wuhan JoTong Intelligent Technology Co., Ltd. . .	Purchase of products	–	–	20	17
Dongguan Tuochen Industrial Investment Co., Ltd.	Selling products	494	808	104	–
SuZhou Industrial Park Garbo Precision Machinery Co., Ltd.	Selling products	5	37	–	–
Wuhan JoTong Intelligent Technology Co., Ltd. . .	Selling products	66	–	29	–
Dongguan Push Network Technology Co., Ltd. . .	Selling products	–	113	191	–
Asia Gatekeeper Commerce Co., Ltd.	Selling products	–	–	6	32
Dongguan Tuochen Industrial Investment Co., Ltd.	Leasing income	–	11	–	–
Suzhou Boyi Intelligent Technology Co., Ltd. . . .	Leasing income	–	–	–	28
Suzhou Changpingxing Technology Co., Ltd. . . .	Selling products	–	–	5	–
Biel Crystal Machinery (Singapore) Private Limited	Providing services	–	–	–	5,265

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The terms of the related party transactions carried out during the Track Record Period were mutually agreed by the Group and the related companies.

(c) **Balance with related parties**

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Trade receivables				
Dongguan Tuochen Industrial Investment Co., Ltd.*	—	282	339	377
Dongguan Push Network Technology Co., Ltd.* . . .	—	82	209	215
Dongguan Junye Green Energy Environment Technology Co., Ltd.* . . .	—	—	—	352
Prepayments and other receivables				
Dongguan Tuochen Industrial Investment Co., Ltd.*	—	2,651	481	502
Dongguan Junye Green Energy Environment Technology Co., Ltd.* . . .	—	—	—	180
Biel Crystal Machinery (Singapore) Private Limited*	—	—	—	5,172
Trade payables				
Dongguan Tuochen Industrial Investment Co., Ltd.*	9,958	3,799	9	563
Dongguan Push Network Technology Co., Ltd.* . . .	318	243	753	872
Dongguan Yongxin Electromechanical Equipment Co., Ltd.* . . .	8,669	—	—	—
Wuhan JoTong Intelligent Technology Co., Ltd.* . . .	—	—	15	36
Contract liabilities				
Asia Gatekeeper Commerce Co., Ltd.*	—	—	29	—
Contract assets				
Dongguan Tuochen Industrial Investment Co., Ltd.*	—	—	111	115

* The balances is in trade in nature.

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

The compensation of key management personnel of the Group during the Track Record Period represented the directors’ emoluments as disclosed in Note 14(a) to the Historical Financial Information.

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43. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at December 31, 2023, 2024, 2025 and March 31, 2026 amounted to approximately RMB2,515,137,000, RMB2,895,173,000, RMB2,989,250,000 and RMB3,033,551,000, respectively, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

44. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The Group

The following table shows the carrying amounts of financial assets and liabilities of the Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Financial assets at fair value through profit or loss	304,006	338,075	40,355	289,234
<i>Financial assets at fair value through other comprehensive income</i>				
Bills receivables	43,851	21,176	38,406	127,710
<i>Financial assets at amortised cost:</i>				
Trade and bills receivables	2,320,784	1,447,986	1,163,481	1,087,767
Other receivables	36,172	24,456	50,451	63,677
Restricted deposits and cash and cash equivalents	1,246,958	822,130	1,292,081	940,445
	<u>3,603,914</u>	<u>2,294,572</u>	<u>2,506,013</u>	<u>2,091,890</u>
	<u>3,951,771</u>	<u>2,653,823</u>	<u>2,584,774</u>	<u>2,508,833</u>
Financial liabilities				
<i>Financial liabilities measured at amortised cost:</i>				
Trade and bills payables	1,869,403	1,419,935	1,479,061	1,246,880
Other payables and accruals	205,569	169,521	181,628	183,919
Convertible bonds	651,300	—	—	—
Borrowings	925,756	795,998	623,214	665,361
	<u>3,652,028</u>	<u>2,385,454</u>	<u>2,283,903</u>	<u>2,096,160</u>
Other financial liabilities				
Lease liabilities	39,061	3,313	4,695	4,759
	<u>3,691,089</u>	<u>2,388,767</u>	<u>2,288,598</u>	<u>2,100,919</u>

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The Company

The following table shows the carrying amounts of financial assets and liabilities of the Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Financial assets at fair value through profit or loss	5,323	70,138	–	94,130
<i>Financial assets at fair value through other comprehensive income</i>				
Bills receivables	5,517	9,900	8,334	20,707
<i>Financial assets at amortised cost:</i>				
Trade and bills receivables	1,112,038	540,878	471,451	480,517
Other receivables	14,581	10,385	20,956	20,805
Amounts due from subsidiaries	771,490	937,591	1,144,214	1,269,850
Restricted deposits and cash and cash equivalents	865,397	450,820	557,878	394,369
	2,763,506	1,939,674	2,194,499	2,165,541
	2,774,346	2,019,712	2,202,833	2,280,378
Financial liabilities				
<i>Financial liabilities measured at amortised cost:</i>				
Trade and bills payables	432,158	280,197	256,456	213,716
Other payables and accruals	138,001	132,391	118,689	97,585
Amounts due to subsidiaries	1,063,077	764,788	949,041	1,111,953
Convertible bonds	651,300	–	–	–
Borrowings	736,290	513,861	370,086	404,895
	3,020,826	1,691,237	1,694,272	1,828,149
<i>Other financial liabilities</i>				
Lease liabilities	11,958	176	386	329
	3,032,784	1,691,413	1,694,658	1,828,478

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group’s and the Company’s financial instruments in the normal course of the Group’s and the Company’s business are interest rate risk, credit risk, liquidity risk, foreign currency and fair value. These risks are limited by the Group’s and the Company’s financial management policies and practices described below. Generally, the Group and the Company introduce conservative strategies on its risk management. The Group and the Company have not used any derivatives and other instruments for hedging purposes nor do they hold or issue derivative financial instruments for trading purposes.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s and the Company’s interest rate risk arises primarily from borrowings, convertible bonds and bank deposits bearing variable rates and fixed rates expose the Group and the Company to cash flow interest rate risk and fair value interest rate risk respectively.

The Group’s and the Company’s exposure to the risk of changes in market interest rates relates primarily to the Group’s and the Company’s borrowings and bank deposits with a floating interest rate.

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Sensitivity Analysis

The Group

At December 31, 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group’s profit after income tax and decrease/increase the Group’s retained profits by approximately RMB126,000. The assumed changes have no impact on the Group’s other components of equity.

At December 31, 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group’s loss after income tax and decrease/increase the Group’s retained profits by approximately RMB183,000. The assumed changes have no impact on the Group’s other components of equity.

At December 31, 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group’s profit after income tax and decrease/increase the Group’s retained profits by approximately RMB169,000. The assumed changes have no impact on the Group’s other components of equity.

At March 31, 2026, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group’s profit after income tax and decrease/increase the Group’s retained profits by approximately RMB167,000. The assumed changes have no impact on the Group’s other components of equity.

The Company

At December 31, 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Company’s loss after income tax and decrease/increase the Company’s retained profits by approximately RMB121,000. The assumed changes have no impact on the Company’s other components of equity.

At December 31, 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Company’s loss after income tax and decrease/increase the Company’s retained profits by approximately RMB176,000. The assumed changes have no impact on the Company’s other components of equity.

At December 31, 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Company’s loss after income tax and decrease/increase the Company’s retained profits by approximately RMB147,000. The assumed changes have no impact on the Company’s other components of equity.

At March 31, 2026, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Company’s profit after income tax and decrease/increase the Company’s retained profits by approximately RMB142,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each reporting period. The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management’s assessment of a reasonably possible change in interest rates over the next twelve-month period. The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(b) Credit risk

The Group’s credit risk is primarily attributable to its trade and bills receivables, contract assets and other receivables. The Company’s credit risk is primarily attributable to its trade and bills receivables, contract assets, other receivables and amounts due from subsidiaries. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis by evaluating the financial condition of debtors and, where appropriate, credit guarantee insurance cover is purchased. Trade receivables are due ranged from 30 to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which customers operate. 11%, 9%, 11% and 11% of the Group’s trade receivables, other receivables and contract assets was due from the Group’s largest customer and 32%, 29%, 34% and 34% of the Group’s trade receivables, other receivables and contract assets was due from the Group’s five largest customers as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively. 19%, 11%, 13% and 11% of the Company’s trade receivables, other receivables and contract assets was due from the Company’s largest customer and 39%, 32%, 32% and 34% of the Company’s trade receivables, other receivables and contract assets was due from the Company’s five largest customers as at December 31, 2023 and 2024, 2025 and March 31, 2026, respectively.

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(i) Trade and bills receivables and contract assets

The Group measures allowance for credit losses for trade and bills receivables and contract assets at an amount equal to lifetime ECLs, estimated by individual customer and by collective basis using a provision matrix when the customers have similar risk characteristics.

The Group

The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

	Less than one year past due	More than 1 year but less than 2 years past due	More than 2 years but less than 3 years past due	More than 3 years but less than 4 years past due	More than 4 years but less than 5 years past due	More than 5 years past due	Individual basis	Total
At December 31, 2023								
Expected loss rate (%)	7%	11%	21%	60%	91%	100%		
Gross carrying amount (RMB’000)	2,141,030	45,632	22,067	10,811	6,175	4,373	123,730	2,353,818
Allowance for credit losses (RMB’000)	(154,783)	(5,086)	(4,596)	(6,515)	(5,640)	(4,357)	(22,539)	(203,516)
	1,986,247	40,546	17,471	4,296	535	16	101,191	2,150,302
At December 31, 2024								
Expected loss rate (%)	9%	14%	24%	47%	88%	90%		
Gross carrying amount (RMB’000)	1,227,892	66,673	21,878	19,819	10,027	4,057	148,890	1,499,236
Allowance for credit losses (RMB’000)	(115,750)	(9,657)	(5,164)	(9,295)	(8,783)	(3,646)	(59,616)	(211,911)
	1,112,142	57,016	16,714	10,524	1,244	411	89,274	1,287,325
At December 31, 2025								
Expected loss rate (%)	12%	18%	29%	45%	87%	99%		
Gross carrying amount (RMB’000)	928,410	81,389	34,073	11,539	9,491	10,074	233,229	1,308,205
Allowance for credit losses (RMB’000)	(112,740)	(14,748)	(9,824)	(5,172)	(8,250)	(9,988)	(107,821)	(268,543)
	815,670	66,641	24,249	6,367	1,241	86	125,408	1,039,662
At March 31, 2026								
Expected loss rate (%)	10%	15%	31%	48%	89%	100%		
Gross carrying amount (RMB’000)	896,214	72,400	42,985	12,109	9,399	10,977	178,897	1,222,981
Allowance for credit losses (RMB’000)	(90,736)	(11,025)	(13,437)	(5,872)	(8,355)	(10,977)	(94,304)	(234,706)
	805,478	61,375	29,548	6,237	1,044	–	84,593	988,275

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

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Movements in the allowance for credit losses for impairment of trade receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period . . .	155,244	203,516	211,911	268,543
Provision for/(reversal of) allowance for credit losses	49,204	10,896	69,893	(16,528)
Written off	(932)	(2,501)	(13,261)	(17,309)
At the end of the year/period	203,516	211,911	268,543	234,706

Bills receivables were bank acceptance bills and commercial acceptance bills. Certain bank acceptance bills, which classified as debt instruments measured at fair value through other comprehensive income are with issuers that are reputable financial institutions with high credit ratings and strong credit quality. Based on the Group’s credit risk assessment, the credit risk associated with these bank acceptance bills is considered as minimal. For commercial acceptance bills, the Group estimates the expected credit allowance for credit losses using the rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors.

The following table provides information about the Group’s exposure to credit risk and ECLs for bills receivables at amortised cost as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	0%		
Gross carrying amount (RMB'000) . . .	171,166	–	171,166
Allowance for credit losses (RMB'000) .	(684)	–	(684)
	170,482	–	170,482
At December 31, 2024			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	161,622	–	161,622
Allowance for credit losses (RMB'000) .	(961)	–	(961)
	160,661	–	160,661
At December 31, 2025			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	124,935	–	124,935
Allowance for credit losses (RMB'000) .	(1,116)	–	(1,116)
	123,819	–	123,819
At March 31, 2026			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	100,457	–	100,457
Allowance for credit losses (RMB'000) .	(965)	–	(965)
	99,492	–	99,492

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Movements in the allowance for credit losses for impairment of bills receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period . . .	110	684	961	1,116
Provision for/ (reversal of) allowance for credit losses	574	277	155	(151)
At the end of the year/period	684	961	1,116	965

The following table provides information about the Group’s exposure to credit risk and ECLs for contract assets as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	4%		
Gross carrying amount (RMB’000) . . .	625,239	–	625,239
Allowance for credit losses (RMB’000) .	(27,766)	–	(27,766)
	597,473	–	597,473
At December 31, 2024			
Expected loss rate (%)	7%		
Gross carrying amount (RMB’000) . . .	614,179	157,239	771,418
Allowance for credit losses (RMB’000) .	(40,695)	(58,165)	(98,860)
	573,484	99,074	672,558
At December 31, 2025			
Expected loss rate (%)	8%		
Gross carrying amount (RMB’000) . . .	565,075	136,207	701,282
Allowance for credit losses (RMB’000) .	(45,746)	(39,414)	(85,160)
	519,329	96,793	616,122
At March 31, 2026			
Expected loss rate (%)	12%		
Gross carrying amount (RMB’000) . . .	406,702	136,207	542,909
Allowance for credit losses (RMB’000) .	(47,839)	(39,414)	(87,253)
	358,863	96,793	455,656

For contract assets, they have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the past due status for trade receivables is a reasonable basis for the internal credit rating of the loss rates for contract assets.

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Movements in the allowance for credit losses for impairment of contract assets are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period . . .	10,378	27,766	98,860	85,160
Provision for/(reversal of) allowance for credit losses	17,394	70,956	(13,125)	2,193
Written off	(6)	—	(575)	—
Exchange differences	—	138	—	(100)
At the end of the year/period	27,766	98,860	85,160	87,253

The Company

The following table provides information about the Company’s exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

	Less than one year past due	More than 1 year but less than 2 years past due	More than 2 years but less than 3 years past due	More than 3 years but less than 4 years past due	More than 4 years but less than 5 years past due	More than 5 years past due	Individual basis	Total
At December 31, 2023								
Expected loss rate (%)	7%	12%	22%	60%	93%	100%		
Gross carrying amount (RMB'000)	1,083,241	36,092	18,542	10,711	6,025	4,372	81	1,159,064
Allowance for credit losses (RMB'000)	(80,664)	(4,285)	(4,053)	(6,475)	(5,610)	(4,356)	(65)	(105,508)
	1,002,577	31,807	14,489	4,236	415	16	16	1,053,556
At December 31, 2024								
Expected loss rate (%)	6%	14%	25%	41%	89%	99%		
Gross carrying amount (RMB'000)	492,518	54,438	15,668	10,566	6,549	3,243	3,040	586,002
Allowance for credit losses (RMB'000)	(52,743)	(7,836)	(3,873)	(4,305)	(5,837)	(3,222)	(2,871)	(80,687)
	439,775	46,602	11,795	6,261	712	21	169	505,335
At December 31, 2025								
Expected loss rate (%)	16%	19%	30%	49%	85%	100%		
Gross carrying amount (RMB'000)	361,941	57,106	28,723	8,754	3,662	6,577	80,248	547,011
Allowance for credit losses (RMB'000)	(58,514)	(11,032)	(8,692)	(4,246)	(3,114)	(6,571)	(27,400)	(119,569)
	303,427	46,074	20,031	4,508	548	6	52,848	427,442
At March 31, 2026								
Expected loss rate (%)	11%	18%	34%	54%	87%	100%		
Gross carrying amount (RMB'000)	405,401	45,021	34,556	8,358	3,704	6,718	25,556	529,314
Allowance for credit losses (RMB'000)	(43,453)	(7,994)	(11,636)	(4,537)	(3,205)	(6,718)	(10,954)	(88,497)
	361,948	37,027	22,920	3,821	499	—	14,602	440,817

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historic data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables.

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Movements in the allowance for credit losses for impairment of trade receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period . . .	83,043	105,508	80,687	119,569
Provision for/(reversal of) allowance for credit losses	24,615	(22,635)	49,936	(15,488)
Written off	(2,150)	(2,186)	(11,054)	(15,584)
At the end of the year/period	105,508	80,687	119,569	88,497

Bills receivables were bank acceptance bills and commercial acceptance bills. Certain bank acceptance bills, which classified as debt instruments measured at fair value through other comprehensive income are with issuers that are reputable financial institutions with high credit ratings and strong credit quality. Based on the Company’s credit risk assessment, the credit risk associated with these bank acceptance bills is considered as minimal. For commercial acceptance bills, the Company estimates the expected credit allowance for credit losses using the rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors.

The following table provides information about the Company’s exposure to credit risk and ECLs for bills receivables at amortised cost as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	58,795	–	58,795
Allowance for credit losses (RMB'000) .	(313)	–	(313)
	58,482	–	58,482
At December 31, 2024			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	35,972	–	35,972
Allowance for credit losses (RMB'000) .	(429)	–	(429)
	35,543	–	35,543
At December 31, 2025			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	44,454	–	44,454
Allowance for credit losses (RMB'000) .	(445)	–	(445)
	44,009	–	44,009
At March 31, 2026			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000) . . .	39,977	–	39,977
Allowance for credit losses (RMB'000) .	(277)	–	(277)
	39,700	–	39,700

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Movements in the allowance for credit losses for impairment of bills receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period . . .	60	313	429	445
Provision for/ (reversal of) allowance for credit losses	253	116	16	(168)
At the end of the year/period	313	429	445	277

The following table provides information about the Company’s exposure to credit risk and ECLs for contract assets as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	4%		
Gross carrying amount (RMB’000) . . .	50,071	–	50,071
Allowance for credit losses (RMB’000) .	(2,131)	–	(2,131)
	47,940	–	47,940
At December 31, 2024			
Expected loss rate (%)	4%		
Gross carrying amount (RMB’000) . . .	74,465	24,833	99,298
Allowance for credit losses (RMB’000) .	(3,343)	(8,455)	(11,798)
	71,122	16,378	87,500
At December 31, 2025			
Expected loss rate (%)	4%		
Gross carrying amount (RMB’000) . . .	64,283	–	64,283
Allowance for credit losses (RMB’000) .	(2,722)	–	(2,722)
	61,561	–	61,561
At March 31, 2026			
Expected loss rate (%)	5%		
Gross carrying amount (RMB’000) . . .	59,352	–	59,352
Allowance for credit losses (RMB’000) .	(2,686)	–	(2,686)
	56,666	–	56,666

For contract assets, they have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the past due status for trade receivables is a reasonable basis for the internal credit rating of the loss rates for contract assets.

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Movements in the allowance for credit losses for impairment of contract assets are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period . . .	3,345	2,131	11,798	2,722
(Reversal of)/provision for allowance for credit losses	(1,214)	9,667	(9,076)	(36)
At the end of the year/period	2,131	11,798	2,722	2,686

(ii) **Other receivables**

In respect of other receivables, the Group and the Company have applied the general approach prescribed by HKFRS 9, by measuring allowance for credit losses at an amount equal to 12-month ECLs for other receivables. To measure the ECLs, other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

As at the end of each reporting period, all other receivables are measured at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

The Group

The following table provides information about the Group’s exposure to credit risk and ECLs for other receivables:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Gross carrying amount				
– Other receivables . . .	41,650	34,615	56,659	70,330
Allowance for credit losses				
– Other receivables . . .	(5,478)	(10,159)	(6,208)	(6,653)

Movements in the allowance for credit losses for impairment of other receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period . . .	6,846	5,478	10,159	6,208
(Reversal of)/provision for allowance for credit losses	(1,432)	4,766	2,192	554
Written off	–	(85)	(6,139)	(105)
Exchange differences	64	–	(4)	(4)
At the end of the year/period	5,478	10,159	6,208	6,653

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The Company

The following table provides information about the Company’s exposure to credit risk and ECLs for other receivables:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB’000	RMB’000	RMB’000	2026
				RMB’000
Gross carrying amount				
– Other receivables	19,178	16,441	22,606	22,856
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allowance for credit losses				
– Other receivables	(4,597)	(6,056)	(1,650)	(2,051)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in the allowance for credit losses for impairment of other receivables are as follows:

The Company

	Year ended December 31,			Three months ended
	2023	2024	2025	March 31,
	RMB’000	RMB’000	RMB’000	2026
				RMB’000
At the beginning of the year/period	6,084	4,597	6,056	1,650
(Reversal of)/provision for allowance for credit losses	(1,203)	1,667	932	401
Written off	(284)	(208)	(5,338)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At the end of the year/period	4,597	6,056	1,650	2,051
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(iii) Restricted deposits and cash and cash equivalents

With respect to the Group’s and the Company’s cash and cash equivalents and restricted bank deposits, the directors of the Company consider the probability of default to be low on these balances since the counterparties are financial institutions with high credit ratings or with good reputation.

(iv) Amounts due from subsidiaries

With respect to the Company’s amounts due from subsidiaries, the directors of the Company consider the probability of default to be low on these balances with reference to their financial position.

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(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group’s and the Company’s short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves.

The Group

The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of each reporting period.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023						
Trade and bills payables	1,869,403	1,869,403	1,869,403	–	–	–
Other payables and accruals	205,569	205,569	205,569	–	–	–
Lease liabilities	39,061	44,505	10,099	7,138	18,408	8,860
Borrowings	925,756	967,755	675,033	164,791	64,019	63,912
Convertible bonds	651,300	765,558	30,234	32,454	702,870	–
	<u>3,691,089</u>	<u>3,852,790</u>	<u>2,790,338</u>	<u>204,383</u>	<u>785,297</u>	<u>72,772</u>

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2024						
Trade and bills payables	1,419,935	1,419,935	1,419,935	–	–	–
Other payables and accruals	169,521	169,521	169,521	–	–	–
Lease liabilities	3,313	3,489	1,405	1,193	891	–
Borrowings	795,998	804,815	549,912	80,027	106,039	68,837
	<u>2,388,767</u>	<u>2,397,760</u>	<u>2,140,773</u>	<u>81,220</u>	<u>106,930</u>	<u>68,837</u>

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2025						
Trade and bills payables	1,479,061	1,479,061	1,479,061	–	–	–
Other payables and accruals	181,628	181,628	181,628	–	–	–
Lease liabilities	4,695	4,879	2,561	2,194	124	–
Borrowings	623,214	663,584	280,326	174,802	86,715	121,741
	<u>2,288,598</u>	<u>2,329,152</u>	<u>1,943,576</u>	<u>176,996</u>	<u>86,839</u>	<u>121,741</u>

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	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at March 31, 2026						
Trade and bills payables	1,246,880	1,246,880	1,246,880	–	–	–
Other payables and accruals	183,919	183,919	183,919	–	–	–
Lease liabilities	4,759	4,933	2,581	1,886	466	–
Borrowings	665,361	702,041	347,473	158,965	89,863	105,740
	<u>2,100,919</u>	<u>2,137,773</u>	<u>1,780,853</u>	<u>160,851</u>	<u>90,329</u>	<u>105,740</u>

The Company

The following tables detail the Company’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of each reporting period.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023						
Trade and bills payables	432,158	432,158	432,158	–	–	–
Other payables and accruals	138,001	138,001	138,001	–	–	–
Lease liabilities	11,958	14,254	2,445	1,621	4,479	5,709
Amount due to subsidiaries	1,063,077	1,063,077	1,063,077	–	–	–
Convertible bond	651,300	765,558	30,234	32,454	702,870	–
Borrowings	736,290	775,090	492,686	163,780	60,467	58,157
	<u>3,032,784</u>	<u>3,188,138</u>	<u>2,158,601</u>	<u>197,855</u>	<u>767,816</u>	<u>63,866</u>

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024						
Trade and bills payables	280,197	280,197	280,197	–	–	–
Other payables and accruals	132,391	132,391	132,391	–	–	–
Lease liabilities	176	180	180	–	–	–
Amount due to subsidiaries	764,788	764,788	764,788	–	–	–
Borrowings	513,861	520,092	283,847	77,999	99,144	59,102
	<u>1,691,413</u>	<u>1,697,648</u>	<u>1,461,403</u>	<u>77,999</u>	<u>99,144</u>	<u>59,102</u>

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	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2025						
Trade and bills payables	256,456	256,456	256,456	–	–	–
Other payables and accruals	118,689	118,689	118,689	–	–	–
Lease liabilities	386	400	240	160	–	–
Amount due to subsidiaries	949,041	949,041	949,041	–	–	–
Borrowings	370,086	401,229	74,151	167,065	58,312	101,701
	<u>1,694,658</u>	<u>1,725,815</u>	<u>1,398,577</u>	<u>167,225</u>	<u>58,312</u>	<u>101,701</u>
As at March 31, 2026						
Trade and bills payables	213,716	213,716	213,716	–	–	–
Other payables and accruals	97,585	97,585	97,585	–	–	–
Lease liabilities	329	340	240	100	–	–
Amount due to subsidiaries	1,111,953	1,111,953	1,111,953	–	–	–
Borrowings	404,895	434,633	142,118	141,543	61,957	89,015
	<u>1,828,478</u>	<u>1,858,227</u>	<u>1,565,612</u>	<u>141,643</u>	<u>61,957</u>	<u>89,015</u>

(d) **Foreign currency risk**

The Group

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the foreign exchange rates due to changes in fair value of monetary assets and liabilities, with all other variables held constant, of the Group’s profit/loss before tax.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	Decrease/ (increase) in loss before tax	Decrease/ (increase) in loss before tax	(Decrease)/ increase in profit before tax	(Decrease)/ increase in profit before tax
	RMB'000	RMB'000	RMB'000	RMB'000
RMB/USD				
Strengthened by 5%	27,857	2,689	20,839	19,577
Weakened by 5%	(27,857)	(2,689)	(20,839)	(19,577)

The Company

Foreign currency risk to the Company is minimal as most of the Company’s transactions are carried out in functional currency.

(e) **Fair value**

(i) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value include restricted deposits and cash and cash equivalents, trade and bills receivables, other receivables, trade and bills payables and accruals and other payables, convertible bonds, borrowing, amount due from/to subsidiaries, and lease liabilities.

The directors consider the carrying values of these financial instruments approximate fair values.

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(ii) Financial instruments measured at fair value

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

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

The Group

December 31, 2023			
Level 1	Level 2	Level 3	Total
RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL			
– Unlisted equity investments	–	6,149	6,149
– Unlisted investments	297,857	–	297,857
–	297,857	6,149	304,006

December 31, 2024			
Level 1	Level 2	Level 3	Total
RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL			
– Unlisted equity investments	–	300	300
– Unlisted investments	337,775	–	337,775
–	337,775	300	338,075

December 31, 2025			
Level 1	Level 2	Level 3	Total
RMB’000	RMB’000	RMB’000	RMB’000
Financial asset at FVTPL			
– Unlisted equity investments	–	352	352
– Unlisted investments	40,003	–	40,003
–	40,003	352	40,355

March 31, 2026			
Level 1	Level 2	Level 3	Total
RMB’000	RMB’000	RMB’000	RMB’000
Financial asset at FVTPL			
– Unlisted equity investments	–	54,419	54,419
– Unlisted investments	210,143	–	210,143
– Listed equity investment	24,672	–	24,672
–	210,143	54,419	289,234

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The Company

December 31, 2023				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
– Unlisted equity investments .	–	–	5,323	5,323
	–	–	5,323	5,323
December 31, 2024				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
– Unlisted investments	–	70,138	–	70,138
	–	70,138	–	70,138
March 31, 2026				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial asset at FVTPL				
– Unlisted equity investments .	–	–	54,100	54,100
– Unlisted investments	–	40,030	–	40,030
	–	40,030	54,100	94,130

Unlisted investments represent wealth management products issued by banks in Chinese Mainland. The Group established the fair value of these unlisted investments with reference to the performance of the underlying financial benchmarks and their expected return rates stated in the outstanding contracts. The fair values of unlisted equity investments are determined by the adjusted net assets method.

The fair value of unlisted equity investment is determined using adjusted net asset value, which is correlated to the underlying assets’ values. If there is an increase/decrease 1% in the significant unobservable inputs, assuming all other variables remain constant, the Group’s profit increase/decrease RMB61,000, RMB3,000, RMB4,200 and RMB727,300 during the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 respectively and the Company’s profit increase/decrease RMB53,000, RMB Nil, RMB Nil and RMB727,600 during the year ended 31 December 2023, 2024, 2025, three months ended March 31, 2026.

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The movement during the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 in the balance of the level 3 fair value measurements are as follows:

The Group

	Financial asset at FVTPL
	<i>RMB’000</i>
At January 1, 2023	6,252
Fair value loss	(103)
At December 31, 2023 and January 1, 2024	6,149
Fair value loss	(123)
Disposal	(5,888)
Other	162
At December 31, 2024 and January 1, 2025	300
Fair value gain	52
At December 31, 2025 and January 1, 2026	352
Addition.	54,100
Fair value loss	(33)
At March 31, 2026.	54,419

The Company

	Financial asset at FVTPL
	<i>RMB’000</i>
At January 1, 2023	5,414
Fair value loss	(91)
At December 31, 2023 and January 1, 2024	5,323
Fair value loss	(2)
Disposal	(5,400)
Others	79
At December 31, 2024, January 1, 2025, December 31, 2025 and January 1, 2026	—
Addition.	54,100
At March 31, 2026.	54,100

46. EVENTS AFTER THE END OF THE TRACK RECORD PERIOD

The Group has no significant subsequent events entered into subsequent to March 31, 2026.

47. SUBSEQUENT FINANCIAL INFORMATION

Save as disclosed elsewhere in these Historical Financial Information, no audited financial statements have been prepared by the Group and the Company or any of the companies comprising the Group in respect of any period subsequent to March 31, 2026.