The following is the text of a report set out on pages I-1 to I-96, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 湖南軍信環保股份有限公司 HUNAN JUNXIN ENVIRONMENTAL PROTECTION CO., LTD., AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of 湖南軍信環保股份有限公司 Hunan Junxin Environmental Protection Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-96, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and 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 cash flow statements for each of the years ended December 31, 2023, 2024 and 2025 and the three months 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-4 to I-96 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "Document") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and 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 and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding 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 cash flow statement for the three months ended March 31, 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making equiries, 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 Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 28(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

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

[●]

HISTORICAL FINANCIAL INFORMATION

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

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

Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi ("RMB"))

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*4*	1,836,614	2,410,855	2,730,708	697,360	736,353
Direct costs and operating expenses		(896,507)	(1,410,177)	(1,228,086)	(321,594)	(319,602)
Gross profit		940,107	1,000,678	1,502,622	375,766	416,751
Other revenue	*5*	107,092	107,952	117,144	28,455	24,679
Other net income	*6*	36,550	21,694	12,521	1,464	4,900
Administrative and selling expenses		(175,781)	(183,653)	(268,767)	(67,686)	(68,445)
Research and development expenses	*7(c)*	(57,004)	(63,811)	(89,860)	(14,667)	(16,904)
Impairment losses under expected credit loss ("ECL") model, net of reversal		(13,095)	(9,924)	(5,686)	(16,653)	18,896
Profit from operations		837,869	872,936	1,267,974	306,679	379,877
Finance costs	*7(a)*	(135,185)	(110,257)	(116,493)	(26,190)	(33,099)
Share of (loss)/profit of an associate		–	(167)	4	33	1,613
Profit before taxation	*7*	702,684	762,512	1,151,485	280,522	348,391
Income tax	*8*	(49,888)	(76,264)	(157,467)	(44,564)	(43,516)
Profit for the year/period		652,796	686,248	994,018	235,958	304,875
Attributable to:						
Equity shareholders of the Company		513,852	536,278	716,575	172,853	219,685
Non-controlling interests		138,944	149,970	277,443	63,105	85,190
Profit for the year/period		652,796	686,248	994,018	235,958	304,875
Other comprehensive income for the year/period						
Item that will be reclassified to profit or loss:						
Exchange difference on translation of financial statements of overseas subsidiaries		–	347	(8,813)	777	(2,214)
Other comprehensive income for the year/period (after tax and reclassification adjustments)		–	347	(8,813)	777	(2,214)
Total comprehensive income for the year/period		652,796	686,595	985,205	236,735	302,661
Attributable to:						
Equity shareholders of the Company		513,852	536,625	707,762	173,630	217,471
Non-controlling interests		138,944	149,970	277,443	63,105	85,190
Total comprehensive income for the year/period		652,796	686,595	985,205	236,735	302,661
Earnings per share						
Basic and diluted (RMB)	*11*	0.90	0.91	0.92	0.23	0.28

Consolidated statements of financial position

(Expressed in RMB)

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12*	52,780	781,300	1,300,969	1,309,743
Right-of-use assets	*12*	10,077	104,185	98,853	97,507
Investment properties	*12*	–	9,000	7,554	7,192
Intangible assets	*13*	5,811,198	7,944,830	7,663,161	7,548,605
Goodwill	*14*	–	145,874	145,874	145,874
Investment in an associate		–	1,967	1,971	–
Other financial assets	*17*	601,563	478,762	30,463	300
Prepayments, trade and other receivables	*19*	292,510	259,799	184,998	183,332
Deferred tax assets	*25(b)*	20,864	62,600	48,664	52,059
		6,788,992	9,788,317	9,482,507	9,344,612
Current assets					
Inventories	*18*	28,049	36,293	41,473	42,110
Contract assets	*22*	26,384	25,667	26,294	32,735
Financial assets at fair value through profit or loss ("FVPL")	*17*	814,065	547,269	1,377,480	1,502,424
Other financial assets	*17*	153,312	137,649	459,089	492,088
Prepayments, trade and other receivables	*19*	920,771	2,002,761	1,939,201	2,056,882
Income tax recoverable	*25(a)*	–	–	1,768	28,745
Restricted cash	*20*	8,915	13,422	13,448	12,585
Cash and cash equivalents	*20*	861,370	1,444,006	1,219,757	1,220,907
		2,812,866	4,207,067	5,078,510	5,388,476
Current liabilities					
Trade and other payables	*21*	424,094	1,261,949	619,436	485,681
Contract liabilities	*22*	281	5,700	2,625	5,748
Bank loans and other borrowings	*23*	490,871	482,365	502,887	494,887
Lease liabilities	*24*	1,001	981	440	445
Income tax payable	*25(a)*	22,076	53,523	34,712	50,295
		938,323	1,804,518	1,160,100	1,037,056
Net current assets		1,874,543	2,402,549	3,918,410	4,351,420
Total assets less current liabilities		8,663,535	12,190,866	13,400,917	13,696,032
Non-current liabilities					
Other payables	*21*	–	26,500	24,108	18,128
Bank loans and other borrowings	*23*	2,155,384	2,403,742	2,505,769	2,752,604
Lease liabilities	*24*	9,169	7,216	7,260	7,351
Deferred tax liabilities	*25(b)*	–	238,767	201,055	193,208
Provisions	*26*	769,860	913,847	1,089,420	1,097,781
		2,934,413	3,590,072	3,827,612	4,069,072
NET ASSETS		5,729,122	8,600,794	9,573,305	9,626,960

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES					
Share capital	*28(c)*	410,010	515,626	789,101	789,101
Reserves	*28(d)*	4,735,499	6,339,354	6,961,364	6,929,829
Total equity attributable to equity shareholders of the Company		5,145,509	6,854,980	7,750,465	7,718,930
Non-controlling interests		583,613	1,745,814	1,822,840	1,908,030
TOTAL EQUITY		5,729,122	8,600,794	9,573,305	9,626,960

Statements of financial position of the Company

(Expressed in RMB)

	Note	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12*	28,893	27,469	26,724	26,463
Right-of-use assets	*12*	9,724	7,534	7,098	6,938
Intangible assets	*13*	834,289	773,942	702,760	685,030
Investments in subsidiaries	*16*	1,348,826	3,668,321	3,805,383	3,806,875
Other financial assets	*17*	601,563	478,762	30,463	300
Prepayments, trade and other receivables	*19*	221,111	202,505	183,181	178,193
Deferred tax assets		1,584	13,692	17,839	19,556
		3,045,990	5,172,225	4,773,448	4,723,355
Current assets					
Inventories	*18*	6,971	11,597	15,071	14,521
Contract assets		9,152	8,304	9,094	11,445
Financial assets at FVPL	*17*	814,065	547,269	1,137,346	1,207,395
Other financial assets	*17*	153,312	137,649	459,089	492,088
Prepayments, trade and other receivables	*19*	322,442	410,301	386,272	397,867
Income tax recoverable		–	–	1,768	28,745
Restricted cash	*20*	5,135	5,715	2,581	2,581
Cash and cash equivalents	*20*	481,909	807,745	479,131	292,359
		1,792,986	1,928,580	2,490,352	2,447,001
Current liabilities					
Trade and other payables	*21*	165,564	758,239	114,212	96,640
Contract liabilities		281	281	281	281
Bank loans	*23*	66,918	67,057	39,715	30,885
Lease liabilities	*24*	769	861	316	321
Income tax payable		8,066	8,897	–	–
		241,598	835,335	154,524	128,127
Net current assets		1,551,388	1,093,245	2,335,828	2,318,874
Total assets less current liabilities		4,597,378	6,265,470	7,109,276	7,042,229
Non-current liabilities					
Bank loans	*23*	193,634	126,978	197,085	359,875
Lease liabilities	*24*	9,109	7,174	7,244	7,320
Provisions	*26*	220,255	233,836	240,776	242,883
		422,998	367,988	445,105	610,078
NET ASSETS		4,174,380	5,897,482	6,664,171	6,432,151
CAPITAL AND RESERVES					
Share capital	*28(c)*	410,010	515,626	789,101	789,101
Reserves	*28(d)*	3,764,370	5,381,856	5,875,070	5,643,050
Total equity		4,174,380	5,897,482	6,664,171	6,432,151

Consolidated statements of changes in equity

(Expressed in RMB)

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(iv)*	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2023		410,010	–	2,546,874	–	114,550	1,921,846	4,993,280	546,315	5,539,595
Profit and total comprehensive income for the year		–	–	–	–	–	513,852	513,852	138,944	652,796
Appropriation to statutory reserve	*28(d)(ii)*	–	–	–	–	41,220	(41,220)	–	–	–
Equity-settled share-based transactions	*27*	–	–	7,386	–	–	–	7,386	354	7,740
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(102,000)	(102,000)
Dividend declared and paid to the shareholders of the Company	*28(b)(i)*	–	–	–	–	–	(369,009)	(369,009)	–	(369,009)
Balance at December 31, 2023		410,010	–	2,554,260	–	155,770	2,025,469	5,145,509	583,613	5,729,122

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(iv)*	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2024		410,010	–	2,554,260	–	155,770	2,025,469	5,145,509	583,613	5,729,122
Profit for the year		–	–	–	–	–	536,278	536,278	149,970	686,248
Other comprehensive income		–	–	–	347	–	–	347	–	347
Total comprehensive income		–	–	–	347	–	536,278	536,625	149,970	686,595
Appropriation to statutory reserve	*28(d)(ii)*	–	–	–	–	55,109	(55,109)	–	–	–
Equity-settled share-based transactions	*27*	–	–	4,088	–	–	–	4,088	213	4,301
Capital contribution from a non-controlling shareholder		–	–	–	–	–	–	–	24,500	24,500
Acquisition of subsidiaries through issuing of new shares	*28(d)(i)/ 15*	105,616	–	1,432,151	–	–	–	1,537,767	1,204,518	2,742,285
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(217,000)	(217,000)

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(iv)*	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Dividend declared and paid to the shareholders of the Company	*28(b)(i)*	–	–	–	–	–	(369,009)	(369,009)	–	(369,009)
Balance at December 31, 2024		515,626	–	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Balance at January 1, 2025		515,626	–	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Profit for the year		–	–	–	–	–	716,575	716,575	277,443	994,018
Other comprehensive income		–	–	–	(8,813)	–	–	(8,813)	–	(8,813)
Total comprehensive income		–	–	–	(8,813)	–	716,575	707,762	277,443	985,205
Appropriation to statutory reserve		–	–	–	–	57,929	(57,929)	–	–	–
Non-public issuance of A shares	*28(d)(i)*	48,018	–	696,422	–	–	–	744,440	–	744,440
Effect of capitalization issue	*28(b)(ii)/ (d)(i)*	225,457	–	(225,457)	–	–	–	–	–	–
Equity-settled share-based transactions	*27*	–	–	1,562	–	–	–	1,562	65	1,627
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	22,518	22,518
Repurchase of ordinary A shares	*28(d)(iv)*	–	(51,000)	–	–	–	–	(51,000)	–	(51,000)
Dividend declared and paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	(223,000)	(223,000)
Dividend declared and paid to the shareholders of the Company	*28(b)(i)*	–	–	–	–	–	(507,279)	(507,279)	–	(507,279)
Balance at December 31, 2025		789,101	(51,000)	4,463,026	(8,466)	268,808	2,288,996	7,750,465	1,822,840	9,573,305

		Attributable to equity shareholders of the Company								
	Note	**Share capital**	**Treasury shares reserves**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)		*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2026		789,101	(51,000)	4,463,026	(8,466)	268,808	2,288,996	7,750,465	1,822,840	9,573,305
Profit for the period		–	–	–	–	–	219,685	219,685	85,190	304,875
Other comprehensive income		–	–	–	(2,214)	–	–	(2,214)	–	(2,214)
Total comprehensive income		–	–	–	(2,214)	–	219,685	217,471	85,190	302,661
Repurchase of ordinary A shares	*28(d)(iv)*	–	(249,006)	–	–	–	–	(249,006)	–	(249,006)
Balance at March 31, 2026		789,101	(300,006)	4,463,026	(10,680)	268,808	2,508,681	7,718,930	1,908,030	9,626,960

(unaudited)		Attributable to equity shareholders of the Company							
	Note	**Share capital**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 28(c)	*Note 28(d)(i)*	*Note 28(d)(iii)*	*Note 28(d)(ii)*				
Balance at January 1, 2025		515,626	3,990,499	347	210,879	2,137,629	6,854,980	1,745,814	8,600,794
Profit for the period		–	–	–	–	172,853	172,853	63,105	235,958
Other comprehensive income		–	–	777	–	–	777	–	777
Total comprehensive income		–	–	777	–	172,853	173,630	63,105	236,735
Non-public issuance of A shares	*28(d)(i)*	48,018	696,422	–	–	–	744,440	–	744,440
Equity-settled share-based transactions	*27*	–	531	–	–	–	531	26	557
Balance at March 31, 2025		563,644	4,687,452	1,124	210,879	2,310,482	7,773,581	1,808,945	9,582,526

Consolidated cash flow statements

(Expressed in RMB)

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Operating activities						
Cash generated from operations	*20(c)*	922,453	1,065,744	1,901,061	191,090	301,903
Income tax paid		(53,720)	(94,647)	(201,822)	(42,980)	(66,152)
Net cash generated from operating activities		**868,733**	**971,097**	**1,699,239**	**148,110**	**235,751**
Investing activities						
Payment for the purchase of property, plant and equipment and construction of Public-Private Partnership Projects ("PPP Projects")		(568,959)	(920,444)	(600,262)	(125,763)	(122,269)
Payment of purchase of financial assets at FVPL		(2,740,000)	(4,952,000)	(11,122,000)	(2,162,000)	(2,289,000)
Payment of purchase of Bank Certificates of Deposits ("Bank CDs")		(520,000)	(203,000)	–	–	–
Proceeds from disposal of an associate		–	–	–	–	2,084
Proceeds from repayment of loans to an associate		–	–	–	–	11,359
Proceeds from repayment of loans to a third party		–	–	–	–	27,620
Investment in unlisted equity securities at fair value through other comprehensive income ("FVOCI")		(300)	–	–	–	–
Proceeds from disposal of property, plant and equipment		363	46	691	–	315
Acquisition of subsidiaries, net of cash acquired	*15*	–	489,133	(659,043)	(659,043)	–
Proceeds from maturity of Bank CDs		–	329,183	109,001	–	–
Proceeds from repayment of entrusted loans and interest		35,382	33,242	33,201	923	580
Proceeds from disposal of financial assets at FVPL		3,633,302	5,387,895	10,307,405	1,951,079	2,169,215
Net cash (used in)/generated from investing activities		**(160,212)**	**164,055**	**(1,931,007)**	**(994,804)**	**(200,096)**
Financing activities						
Payment of capital element of lease liabilities	*20(d)*	(949)	(220)	(459)	–	–
Payment of interest element of lease liabilities	*20(d)*	(380)	(350)	(353)	–	–
Proceeds from bank loans and other borrowings	*20(d)*	80,000	588,006	593,018	77,618	268,000
Repayment of bank loans and other borrowings	*20(d)*	(380,150)	(501,106)	(463,744)	(13,328)	(29,695)

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest of bank loans and other borrowings paid	*20(d)*	(105,680)	(77,256)	(93,053)	(24,374)	(20,932)
Net proceeds from issuance of new shares		–	–	744,440	744,440	–
Proceeds of capital contributions from non-controlling shareholders		–	24,500	22,518	–	–
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid to non-controlling shareholders		(102,000)	(217,000)	(223,000)	–	–
Dividends paid to equity shareholders of the Company		(369,009)	(369,009)	(507,279)	–	–
Payment for repurchase of own shares		–	–	(51,000)	–	(249,006)
Net cash (used in)/generated from financing activities		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net (decrease)/increase in cash and cash equivalents		**(169,647)**	**582,717**	**(223,881)**	**(62,338)**	**4,022**
Cash and cash equivalents at the beginning of the year/period		**1,031,578**	**861,370**	**1,444,006**	**1,444,006**	**1,219,757**
Effect of foreign exchange rate changes		**(561)**	**(81)**	**(368)**	**26**	**(2,872)**
Cash and cash equivalents at the end of the year/period	*20(a)*	**861,370**	**1,444,006**	**1,219,757**	**1,381,694**	**1,220,907**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

湖南軍信環保股份有限公司 Hunan Junxin Environmental Protection Co., Ltd., hereinafter referred to as the "Company", was established in Changsha City, Hunan Province, the People's Republic of China (the "PRC") on September 22, 2011 as a limited liability company under the PRC Company Law. In April 2017, the Company was converted into a joint stock limited liability company. In April 2022, the Company's A Shares were listed on Shenzhen Stock Exchange ("the A Share Listing").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in clean waste-to-energy incineration; the treatment of various types of waste (including leachate, sludge, fly ash, solid waste, and others); the interim treatment, compression, and transfer of household waste; the collection, harmless treatment, and resource utilization of food waste.

The financial statements of the Company and its subsidiaries were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The Company's statutory financial statements for the years ended December 31, 2023, 2024 and 2025 were audited by Baker Tilly China Certified Public Accountants ("Baker Tilly China").

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

Company name	Place and date of incorporation/ establishment	Particulars of issued capital/paid-up capital	Effective interest held by the Group					Principal activities and place of operation
			As at December 31,			As at March 31,2026	At the date of this report	
			2023	2024	2025			
浦湘生物能源股份有限公司 (Puxiang Bioenergy Co., Ltd. "Puxiang Bioenergy", *notes (i) and (ii)*)	The PRC December 28, 2015	RMB400,000,000/ RMB400,000,000	80%	80%	80%	80%	80%	Operation of waste-to-energy incineration projects in the PRC
湖南浦湘環保能源有限公司 (Hunan Puxiang Environmental Protection Energy Co., Ltd. "Puxiang Environmental Energy", *notes (i) and (ii)*)	The PRC April 23, 2019	RMB400,000,000/ RMB400,000,000	70%	70%	70%	70%	70%	Operation of waste-to-energy projects for co-incineration of waste and sludge in the PRC
湖南平江軍信環保有限公司 (Hunan Pingjiang Junxin Environmental Protection Co., Ltd. "Pingjiang Junxin", *notes (i) and (ii)*)	The PRC July 31, 2012	RMB24,600,000/ RMB24,600,000	100%	100%	100%	100%	100%	Operation of waste-to-energy projects for co-incineration of waste and sludge in the PRC
湖南瀏陽軍信環保有限公司 (Hunan Liuyang Junxin Environmental Protection Co., Ltd. "Liuyang Junxin", *notes (i) and (iii)*)	The PRC March 21, 2023	RMB267,782,600/ RMB187,447,820	70%	70%	70%	70%	70%	Operation of waste-to-energy incineration projects in the PRC
湖南仁和環境科技有限公司 (Hunan Renhe Environmental Technology Co., Ltd., formerly known as 湖南仁和環境股份有限公司, Hunan Renhe Environmental Co., Ltd. 湖南仁和環境有限公司 Hunan Renhe Environmental Co., Ltd., "Renhe Environment Technology", *notes (i) and (iv)*)	The PRC November 23, 2011	RMB422,300,000/ RMB422,300,000	–	63%	63%	63%	63%	Collection, harmless treatment and resource utilization of food waste in the PRC
湖南仁和環保科技有限公司 (Hunan Renhe Environmental Protection Technology Co., Ltd., "Renhe Environment Protection", *notes (i) and (iv)*)	The PRC July 1, 2004	RMB167,200,000/ RMB167,200,000	–	63%	63%	63%	63%	Interim treatment compression, and transfer of household waste in the PRC

Notes:

(i) The English translation of the names of the entities is for reference only. The official names of these entities are in Chinese. These entities were all limited liability companies under the law of the PRC.

(ii) The financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Baker Tilly China.

(iii) The financial statements of this entity period from March 21, 2023 (date of incorporation) to December 31, 2023 and the year ended December 31, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Baker Tilly China.

(iv) These entities were acquired by the Group in November 2024 and their results were not consolidated in the Historical Financial Information of the Group before the completion of the acquisition. The financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC were audited by Baker Tilly China. The pre-acquisition financial information of these entities included in the Renhe Environment Technology and its subsidiaries (together, the "Renhe Group") is disclosed in Note 34, which are prepared in consistent with the accounting policies set out in Note 2.

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

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

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards effective for the accounting period beginning on January 1, 2026, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2026 are set out in Note 35.

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

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

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in RMB, rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial assets measured at their fair value (see Note 2(f)).

(b) Use of estimates and judgments

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

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

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

(c) Subsidiaries and non-controlling interests

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

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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

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

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost. In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)).

(d) Associate

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

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of the investee, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(k)).

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

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(k)(ii)).

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and an associate, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

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

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

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

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see Note 2(u)(ii)).

(g) Investment property

Investment property is initially measured at cost, and subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)). Investment property is depreciated using the straight-line method over the estimated useful live of 62 months.

Any gain or loss on disposal of investment property is recognized in profit or loss. Rental income from investment properties is recognized in accordance with Note 2(u)(iii).

(h) Property, plant and equipment

The following items of property, plant and equipment, including construction in progress, are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(k)(ii)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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

The estimated useful lives are as follows:

Buildings	20-30 years
Plant and machinery	5-20 years
Motor vehicles, electronic equipment and others	3-10 years
Leasehold improvement	Over the shorter of the lease term or the estimated useful life of the asset
Right-of-use assets	lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

The estimated useful lives are as follows:

Project operating rights	Concession period
Software	3-7 years
Patents and trademarks	2-18 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) Leased assets

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

(i) As a lessee

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

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

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

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

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

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

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

(ii) As a lessor

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

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

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses ("ECL"s) on:

– financial assets measured at amortized cost (including cash and cash equivalents, restricted cash, bills receivables, receivables arising from services concession arrangements, trade and other receivables, rental deposit and other financial assets measured at amortized cost); and

– contract assets;

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

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

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

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

Significant increases in credit risk

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

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

The Group considers a financial asset to be in default when:

– the probability of default for the remaining duration has increased by more than a certain percentage compared to the initial recognition; or

– significant adverse changes in operations or financial situation of the debtor.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see Note 2(f)).

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being past due;
- due to economic or contractual considerations related to the debtor's financial difficulties, gives the debtor no other option concessions;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties of the issuer;
- purchase or generate a financial asset at a significant discount that reflects the fact of credit loss; or
- the credit loss of financial assets may be caused by the combined effect of multiple events, and may not necessarily be caused by identifiable events.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Inventories

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

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

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

(m) Contract assets and contract liabilities

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

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

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

(n) Trade and other receivables

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

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

(o) Cash and cash equivalents

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

(p) Trade and other payables

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

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(w).

(r) Employee benefits

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

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

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the defined contribution basic pension insurance. There are no forfeited contributions for the defined contribution basic pension insurance in the PRC social insurance system as the contributions are fully vested to the employees upon payment to the scheme.

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

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the income approach model or recent transaction price if accessible for shares granted. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

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

(s) Income tax

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

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

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

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

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

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

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

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

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

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

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

(t) Provisions and contingent liabilities

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

The Group has contractual obligations that it must fulfill as a condition of its licence to maintain or restore the infrastructure to a specified level of serviceability during or the end of the service concession arrangements. These contractual obligations to maintain or restore infrastructure, except for any upgrade element, is recognized and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of each reporting period in the consolidated statements of financial position.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

(u) Revenue and other income

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

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

(i) Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with 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 amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer 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 IFRS 15.

The Group satisfied a performance obligation and recognizes revenue over time, if one of the following criteria is met:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

– the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognizes revenue at the point in time when the performance obligation is satisfied. If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at the point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

When the Group provides more than one service in a service concession arrangement, the transaction price will be allocated to each performance obligation by reference to their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(a) Construction service revenue

The Group's performance in respect of construction services creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognizes revenue over time using an input method to measure progress towards complete satisfaction of the service. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Revenue from construction services under a service concession agreement is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

(b) Sales of electricity and industrial-grade mixed oil

The Group recognized revenue when transfers the control over electricity and industrial-grade mixed oil to customers (i.e. goods accepted by customers)/satisfies the performance obligation in the contract.

(c) Waste treatment services, food waste collection, household waste interim treatment, compression and transfer services and other operation services

The Group recognized revenue from various waste treatment services, waste collection and other operation services when the related services are rendered.

(ii) Interest income

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

(iii) Rental income from operating leases

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

(iv) Government grants

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

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

Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on straight-line basis over the useful life of the asset.

(v) Translation of foreign currencies

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

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

The assets and liabilities of operations outside Mainland China, including fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

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

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) Borrowing costs

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

(x) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(y) Segment reporting

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

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

3 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Service concession arrangements

The Group enters into service concession arrangements with government agencies to build and/or operate waste treatment plants. The Group recognizes the consideration for the construction services as financial assets and/or intangible assets for service concession arrangements within the scope of IFRIC 12.

The related amounts are material and the application of IFRIC 12 requires significant management judgment, including the applicability of IFRIC 12 and measurement model.

(b) Construction contracts

The Group recognizes the revenue from construction services over a period of time in accordance with the progress of performance. The progress of performance is determined using the input method, which is determined according to the proportion of the cumulative actual construction service costs incurred during the construction process to the estimated total construction costs; the standalone selling price of the construction services is determined on a cost-plus basis with reference to a prevailing market rate of gross margin applicable to similar construction services rendered.

During the Track Record Period, the management believes the Group's input other than those outsourced to its supplier would be immaterial to the construction services and therefore the standalone selling price of the construction services is close to the construction cost.

(c) Provision for ECLs for trade receivables, receivables arising from service concession arrangements and contract assets

The Group uses a ECL model to calculate ECLs for trade receivables, receivables arising from service concession arrangements and contract assets. The model takes into account of supportable and reasonable information such as the historical settlement pattern, ageing profiles, credit loss experience, credit ratings of comparables with published credit ratings and forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience, credit ratings of comparables with published credit ratings and forecast of economic conditions may also not be representative of a customer's actual default in the future.

(d) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future periods.

(e) Provisions for maintenance and restoration of infrastructure under service concession arrangements

The Group has contractual obligations that it must fulfil as a condition of its licence to maintain or restore the infrastructure to a specified level of serviceability during or at the end of the service concession arrangements. These contractual obligations to maintain infrastructure, except for any upgrade element, shall be recognized and measured in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets* at the best estimate of the both the amount and timing of relevant expenditure that would be required to settle the present obligation and the discount rate at the end of each reporting period in the consolidated statements of financial position. Should the payments and timing to settle the expenditure differ from the estimates, the provisions recognized in the consolidated statements of financial position at the end of each reporting period and the amount to be capitalized will change.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are clean waste-to-energy incineration; the treatment of various types of waste (including leachate, sludge, fly ash, solid waste, and others); the interim treatment, compression, and transfer of household waste; the collection, harmless treatment, and resource utilization of food waste.

Revenue represents the revenue from electricity sales, waste treatment services, construction services, food waste collection, household waste interim treatment and transfer services and sales of industrial-grade mixed oil. The amount of each significant category of revenue recognized for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 is as follows:

(i) Disaggregation of revenue

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:					
Revenue from sales of electricity	698,230	685,285	837,835	204,266	247,461
Revenue from waste treatment services	796,056	811,752	862,631	229,866	234,594
– Waste incineration	355,905	353,982	347,050	94,418	104,276
– Sludge	212,748	203,155	219,062	53,157	52,859
– Sewage and leachate	88,197	107,655	83,881	17,709	20,336
– Food waste	–	13,136	115,614	33,460	29,744
– Flying ash	104,510	95,384	68,353	23,758	19,988
– Landfill	34,696	38,440	27,384	7,045	6,978
– Others	–	–	1,287	319	413
Revenue from construction services	341,563	836,939	76,283	47,000	23,624
Revenue from household waste interim treatment, and transfer services	–	54,047	684,966	154,393	171,290
Revenue from food waste collection	–	4,568	65,404	16,201	15,741
Revenue from sales of industrial-grade mixed oil	–	17,280	198,730	44,421	42,281
Others	740	682	1,231	306	442
	1,836,589	2,410,553	2,727,080	696,453	735,433
Revenue from other sources:					
Rental income	25	302	3,628	907	920
Total	**1,836,614**	**2,410,855**	**2,730,708**	**697,360**	**736,353**

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

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers					
Point in time	1,495,026	1,573,614	2,650,797	649,453	711,809
Over time	341,563	836,939	76,283	47,000	23,624
	1,836,589	2,410,553	2,727,080	696,453	735,433

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

The aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts as at December 31, 2023, 2024 and 2025 and March 31, 2026 is RMB847,412,000, RMB47,000,000, RMB62,117,000 and RMB44,844,000, respectively. This amount represents revenue expected to be recognized in the future from construction contracts and sales contracts for industrial-grade mixed oil entered into by the customers with the Group. The Group will recognize the expected revenue in future when the product is transferred or as the work is completed, which have been fully transfered or completed subsequently.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by services lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Waste-to-energy project construction and operation which includes construction and operation of the waste-to-energy projects, landfill projects and related projects.

- Municipal waste interim treatment project operation which include the provision of food waste collection, household waste interim treatment and transfer services, treatment of food waste and sales of industrial-grade mixed oil.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment profit represents the profit before taxation earned by each segment without allocation of central administration costs (inclusive of directors' emoluments), share of loss of an associate, interests income on bank deposits, loans to a related party and other financial assets and other net income.

Disaggregation of revenue, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Year ended December 31, 2023		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	1,836,614	–	1,836,614
Segment profit	730,465	–	730,465
Central administration costs			(96,519)
Interests income on bank deposits and other financial assets			32,188
Other net income			36,550
Profit before taxation			702,684

	Year ended December 31, 2024		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	2,320,160	90,695	2,410,855
Segment profit	768,377	27,918	796,295
Central administration costs			(86,942)
Share of loss of an associate			(167)
Interests income on bank deposits, loans to a related party and other financial assets			31,632
Other net income			21,694
Profit before taxation			762,512

	Year ended December 31, 2025		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	1,647,618	1,083,090	2,730,708
Segment profit	779,379	415,256	1,194,635
Central administration costs			(80,212)
Share of gain in an associate			4
Interests income on bank deposits, loans to a related party and other financial assets			24,537
Other net income			12,521
Profit before taxation			1,151,485

	Three months ended March 31, 2025 (unaudited)		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	444,615	252,745	697,360
Segment profit	212,837	85,324	298,161
Central administration costs			(26,357)
Share of gain in an associate			33
Interests income on bank deposits, loans to a related party and other financial assets			7,221
Other net income			1,464
Profit before taxation			280,522

	Three months ended March 31, 2026		
	Waste-to-energy project construction and operation	Municipal waste interim treatment project operation	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	472,646	263,707	736,353
Segment profit	228,389	124,081	352,470
Central administration costs			(18,324)
Share of gain in an associate			1,613
Interests income on bank deposits, loans to a related party and other financial assets			7,732
Other net income			4,900
Profit before taxation			348,391

(ii) Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(iii) Geographic information

The following table sets information about the geographical location of the Group's prepayment for purchase of other property, plant and equipment, property, plant and equipment, right-of-use assets, investment properties, intangible assets, goodwill and investment in an associate ("Specific Non-current Assets"). The geographical location of the Specific Non-current Assets is based on (i) the physical location of the asset or where the underlying assets to be purchased are to be located, in the case of property, plant and equipment, right-of-use assets, investment properties and prepayment for purchase of other property, plant and equipment; and (ii) the location of the operation to which they are allocated, in the case of intangible assets, goodwill and investment in an associate.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Specific non-current assets				
– China	5,945,454	8,977,569	8,605,201	8,493,400
– Oversea	–	66,900	614,998	620,660
	5,945,454	9,044,469	9,220,199	9,114,060

The geographical location of customers is based on the location at which the services were provided. For the years ended December 31, 2023, 2024, and 2025 and the three months ended March 31, 2025 (unaudited) and 2026, majority of the Group's revenue are from PRC based on the customers' country of domicile.

(iv) Information about major customers

Revenue from each of the major customers, with whom transactions contributed to 10% or more of the Group's revenue, is set out below:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A *(Note (b))*	778,483	819,075	1,432,609	358,589	368,190
Customer B *(Note (b))*	698,230	685,278	829,264	204,266	222,466
Customer C *(Note (c))*	284,712	484,946	N/A *(note (a))*	N/A *(note (a))*	N/A *(note (a))*
Customer *D (Note (c))*	N/A *(note (a))*	330,174	N/A *(note (a))*	N/A *(note (a))*	N/A *(note (a))*

Notes:

(a) The corresponding revenue did not contribute 10% or more of the total revenue of the Group.

(b) Revenue from all two operating segments as defined in Note 4(b).

(c) Revenue from Waste-to-energy project construction and operation segment as defined in Note 4(b).

5 OTHER REVENUE

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income on bank deposits	14,757	10,073	8,797	2,602	872
Interest income on loans to a related party	–	34	397	98	30
Interest income on loans to a third party	–	–	–	–	3,414
Finance income from service concession arrangements	20,835	19,793	17,109	4,649	4,038
Interest income from other financial assets	17,431	21,525	15,343	4,521	3,416
Value-added tax ("VAT") refund and super deduction *(notes (i) and (ii))*	50,782	54,304	66,546	15,610	11,559
Government grants *(note (iii))*	3,287	2,223	8,952	975	1,350
	107,092	107,952	117,144	28,455	24,679

Notes:

(i) VAT refund

In accordance with the relevant provisions of the "Announcement on Improving VAT Policies for Comprehensive Utilization of Resources" (Announcement No. 40 of 2021 issued by the Ministry of Finance and State Administration of Taxation), since March 1, 2022, the Group's revenue from sales of electricity, sales of industrial-grade mixed oil, and part of waste treatment services are all included in the catalog of "Value Added Tax Preferential Utilization Products and Labor Services (2022 Edition)", and therefore the value-added tax arising from such revenue is subjected to VAT refund ranging from 70% to 100% of the VAT paid.

(ii) VAT super deduction

On January 13, 2023, the Public Announcement on Clarification on VAT deduction and VAT exemption for Small-scale Taxpayers and Other Policies, pursuant to which the super deduction of VAT has been adjusted to 5% for the year ended December 31, 2023. Such policy expired on December 31, 2023.

(iii) Other government grants

Government grants other than VAT refund represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC, mainly including unconditional awards for incentive for the Group's research and development activities.

6 OTHER NET INCOME

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Investment income and net fair value changes on financial assets at FVPL	34,692	18,936	15,616	3,876	5,574
Foreign exchange (loss)/gain	(561)	1,510	(2,995)	(2,214)	(2,893)
Others	2,419	1,248	(100)	(198)	2,219
	36,550	21,694	12,521	1,464	4,900

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Note	Years ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank loans and other borrowings		104,547	76,087	84,646	26,170	21,462
Interest on lease liabilities		380	350	315	79	96
Unwinding of discount on provisions	*26*	30,479	43,553	40,587	8,052	11,541
Total interest expense		135,406	119,990	125,548	34,301	33,099
Less: interest expense capitalized into project operating rights under construction *(note)*		(221)	(9,733)	(9,055)	(8,111)	–
		135,185	110,257	116,493	26,190	33,099

Note: The borrowing costs have been capitalized at rates of 3.20%, 2.45%-3.2% and 2.35%-3.65% and 2.45%-3.2% (unaudited) and nil, for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, per annum.

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

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	173,213	220,697	328,163	80,379	83,985
Share-based payment expenses	7,740	4,301	1,627	557	–
Contributions to defined contribution retirement plan	6,482	8,102	15,594	4,323	4,057
	187,435	233,100	345,384	85,259	88,042

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

(c) Other items

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Amortization cost of intangible assets *(Note 13)*	284,294	304,846	548,569	130,934	139,701
Depreciation charge *(Note 12)*					
– owned property, plant and equipment	6,423	16,826	107,653	28,868	34,301
– investment properties	–	121	1,446	362	362
– right-of-use assets	903	1,566	5,485	2,351	1,354
	7,326	18,513	114,584	31,581	36,017
Auditors' remuneration	3,832	4,232	1,698	–	–
Cost of inventories	121,141	125,311	136,916	30,773	57,809
Research and development expenses *(note)*	57,004	63,811	89,860	14,667	16,904
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Note: For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, research and development expenses include RMB40,254,000, RMB49,080,000, RMB74,171,000, RMB12,038,000 (unaudited) and RMB12,543,000, respectively relating to cost of inventories, staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in Notes 7(b) and (c) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax – PRC corporate income tax *(Note 25(a))*					
Provision for the year/period	57,005	108,672	186,547	48,322	54,758
Under-provision in respect of prior years	3,402	9	(5,304)	–	–
	60,407	108,681	181,243	48,322	54,758
Deferred tax					
Origination and reversal of temporary differences *(Note 25(b))*	(10,519)	(32,417)	(23,776)	(3,758)	(11,242)
	49,888	76,264	157,467	44,564	43,516

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

	Years 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 before taxation	702,684	762,512	1,151,485	280,522	348,391
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned *(notes (i) and (ii))*	175,671	190,628	287,871	70,131	87,101

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Effect of different tax rates applicable to subsidiaries and tax concession *(notes (iii), (iv), (v) and (vi))*	(127,147)	(95,970)	(110,717)	(23,766)	(37,835)
Under-provision in respect of prior years	3,402	9	(5,304)	–	–
Tax effect of non-deductible expenses	3,476	2,366	1,655	1,005	639
Tax effect of non-taxable income *(note (vii))*	–	(271)	(3,122)	(697)	(659)
Tax effect of utilization of tax losses not recognized	–	(1,492)	(34)	–	(136)
Effect of environmental protection special equipment deduction *(note (ix))*	–	(9,985)	–	–	–
Tax effect of deductible temporary differences not recognized	36	3	9	45	–
Tax effect of utilization of deductible temporary differences not recognized	–	–	–	–	(3,097)
Tax effect of additional deduction for qualified research and development expenses *(note (viii))*	(5,550)	(9,024)	(12,891)	(2,154)	(2,497)
Actual tax expense	49,888	76,264	157,467	44,564	43,516

Notes:

(i) The Group's subsidiaries in Hong Kong, Kazakhstan and Mongolia did not have any assessable profits for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026. The Group's subsidiary in Kyrgyzstan was qualified for a producer of electricity as stipulated under the Tax Code of the Kyrgyz Republic, and is entitled to exemption of corporate income tax from 2025 to 2029.

(ii) Taxable income for the Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, unless otherwise specified.

(iii) The Company, Puxiang Bioenergy and Puxiang Environmental Energy were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law of the PRC, and such earnings were eligible for a tax exemption for the first year to the third year, and a 50% reduction in PRC corporate income tax for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "3+3 Tax Holiday"). The details are as follows:

- Fly ash treatment project conduced by the Company and Puxiang Environmental Energy were entitled to 3+3 Tax Holiday from January 1, 2021 to December 31, 2026;
- Puxiang Bioenergy was entitled to 3+3 Tax Holiday from January 1, 2018 to December 31, 2023;
- Pingjiang Junxin was entitled to 3+3 Tax Holiday from January 1, 2024 to December 31, 2029; and
- Liuyang Junxin was entitled to 3+3 Tax Holiday from January 1, 2025 to December 31, 2030.

(iv) The Company (excluding the taxable profit from fly ash treatment project) was a qualified enterprise engaged in maintenance of environmental pollution control facilities and were eligible for a preferential tax rate of 15% from January 1, 2019 onwards.

(v) Pingjiang Junxin was a qualified enterprise engaged in maintenance of environmental pollution control facilities and were eligible for a preferential tax rate of 15% from January 1, 2023 onwards.

(vi) According to the Enterprise Income Tax Law of the PRC and its relevant regulations, entities that qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%. The details are as follows:

- Puxiang Bioenergy and Renhe Environment Protection were qualified as a high-technology enterprises and were subject to a preferential income tax rate of 15% from 2024 to 2026; and
- Renhe Environment Technology was qualified as a high-technology enterprises and was subject to a preferential income tax rate of 15% from 2022 to 2024, and has renewed its qualification and continued to be subject the preferential tax rate of 15% from 2025 to 2027.

(vii) The revenue from sales of electricity generated by biogas and sales of industrial-grade mixed oil were within the Catalog of Tax Incentives for Enterprises Engaged in Comprehensive Resource Utilization (2021 Edition) and were subject to 10% deduction in revenue when calculating income tax.

(viii) Under the Enterprise Income Tax Law of the PRC and its relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenditure from October 1, 2022 onwards.

(ix) Under the Enterprise Income Tax Law of the PRC and its relevant regulations, qualified addition of certain equipment for environmental protection, water and energy conservation was subject to direct deduction on income tax by 10% of the purchase amount.

9 DIRECTORS AND SUPERVISORS' EMOLUMENTS

Directors and supervisors' emoluments as recorded in the Historical Financial Information are as follows:

	Year ended December 31, 2023						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	3,696	14	5	62	3,777	866	4,643
Executive directors							
Mr. Leng Chaoqiang	120	345	14,383	58	14,906	1,475	16,381
Mr. Qin Shishun	–	291	433	49	773	95	868
Mr. Zhou Chongbo	–	205	55	40	300	108	408
Non-executive directors							
Mr. He Yingpin	1,220	–	–	–	1,220	–	1,220
Ms. Guan Qiong He	132	–	–	–	132	–	132
Independent non-executive directors							
Dr. Dai Tagen	132	–	–	–	132	–	132
Mr. Lan Libo	132	–	–	–	132	–	132
Dr. Li Yi	132	–	–	–	132	–	132
Supervisors							
Mr. Wang Zhiming	–	302	80	40	422	388	810
Mr. Guo Zhuoyan	–	162	125	27	314	27	341
Ms. Xu Huisi	–	216	217	15	448	27	475
	5,564	1,535	15,298	291	22,688	2,986	25,674

	Year ended December 31, 2024						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note(i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	3,912	4	4,830	54	8,800	490	9,290
Executive directors							
Mr. Leng Chaoqiang	120	936	3,139	25	4,220	813	5,033
Mr. Qin Shishun	–	238	465	19	722	52	774
Mr. Zhou Chongbo	–	173	151	15	339	60	399
Non-executive directors							
Mr. He Yingpin	1,221	–	–	–	1,221	–	1,221
Ms. Guan Qiong He	132	–	–	–	132	–	132
Independent non-executive directors							
Dr. Dai Tagen	132	–	–	–	132	–	132
Mr. Lan Libo	132	–	–	–	132	–	132
Dr. Li Yi	132	–	–	–	132	–	132
Supervisors							
Mr. Wang Zhiming	–	204	253	18	475	214	689
Mr. Guo Zhuoyan	–	161	201	12	374	15	389
Ms. Xu Huisi	–	243	265	17	525	15	540
	5,781	1,959	9,304	160	17,204	1,659	18,863

	Year ended December 31, 2025						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	4,895	14	4,485	8	9,402	186	9,588
Executive directors							
Mr. Leng Chaoqiang	120	945	3,524	26	4,615	309	4,924
Mr. Qin Shishun	–	281	1,160	20	1,461	20	1,481
Mr. Zhou Chongbo *(note (iii))*	–	5	7	–	12	3	15
Mr. Dai Bin *(note (iv))*	–	209	794	17	1,020	6	1,026
Mr. Hu Shiti *(note (iv))*	–	1,543	1,053	40	2,636	–	2,636
Non-executive directors							
Mr. He Yingpin	1,220	–	–	–	1,220	–	1,220
Ms. Guan Qiong He *(note (ii))*	5	–	–	–	5	–	5
Mr. Xia Liang *(note (vii))*	–	68	106	5	179	1	180
Independent non-executive directors							
Dr. Dai Tagen	132	–	–	–	132	–	132
Mr. Lan Libo	132	–	–	–	132	–	132
Dr. Li Yi	132	–	–	–	132	–	132
Ms. Chan Ka Lai *(note (vii))*	54	–	–	–	54	–	54
Supervisors *(note (viii))*							
Mr. Wang Zhiming	–	121	145	11	277	81	358
Mr. Guo Zhuoyan	–	96	99	8	203	6	209
Ms. Xu Huisi	–	115	168	10	293	6	299
	6,690	3,397	11,541	145	21,773	618	22,391

	Three months ended March 31, 2025 (unaudited)						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	1,089	1	3,200	14	4,304	64	4,368
Executive directors							
Mr. Leng Chaoqiang	30	234	405	7	676	107	783
Mr. Qin Shishun	–	60	48	5	113	7	120
Mr. Zhou Chongbo *(note (iii))*	–	5	4	–	9	8	17
Mr. Dai Bin *(note (iv))*	–	49	50	4	103	2	105
Mr. Hu Shiti *(note (iv))*	–	380	–	10	390	–	390
Non-executive directors							
Mr. He Yingpin	305	–	–	–	305	–	305
Ms. Guan Qiong He *(note (ii))*	5	–	–	–	5	–	5
Independent non-executive directors							
Dr. Dai Tagen	33	–	–	–	33	–	33
Mr. Lan Libo	33	–	–	–	33	–	33
Dr. Li Yi	33	–	–	–	33	–	33
Supervisors *(note (viii))*							
Mr. Wang Zhiming	–	52	35	4	91	28	119
Mr. Guo Zhuoyan	–	41	29	3	73	2	75
Ms. Xu Huisi	–	49	36	4	89	2	91
	1,528	871	3,807	51	6,257	220	6,477

	Three months ended March 31, 2026						
	Directors and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note (i))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Dai Daoguo	1,065	6	–	–	1,071	–	1,071
Executive directors							
Mr. Leng Chaoqiang	30	235	405	7	677	–	677
Mr. Qin Shishun	–	72	54	5	131	–	131
Mr. Dai Bin *(note (iv))*	–	52	82	5	139	–	139
Mr. Hu Shiti *(note (iv))*	–	672	249	9	930	–	930
Non-executive directors							
Mr. He Yingpin	305	1	–	–	306	–	306
Mr. Xia Liang *(note (vii))*	–	42	43	3	88	–	88
Independent non-executive directors							
Dr. Dai Tagen	33	–	–	–	33	–	33
Mr. Lan Libo	33	–	–	–	33	–	33
Dr. Li Yi	33	–	–	–	33	–	33
Ms. Chan Ka Lai *(note (vii))*	33	–	–	–	33	–	33
	1,532	1,080	833	29	3,474	–	3,474

Notes:

(i) These represent the estimated value of restricted stock units to the directors and supervisors under the Group's employee stock incentive scheme. The value of these restricted stock units is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(r)(ii). The details of share-based payments, including are disclosed in Note 27.

(ii) Ms. Guan Qiong He resigned as the director of the Company on January 10, 2025.

(iii) Mr. Zhou Chongbo resigned as the executive director of the Company on January 10, 2025.

(iv) Mr. Dai Bin and Mr. Hu Shiti were appointed as executive directors of the Company on January 10, 2025.

(v) For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, the executive directors and the supervisors have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

(vi) For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor has waived or agreed to waive any emoluments for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026.

(vii) Ms. Chan Ka Lai was appointed as an independent non-executive director of the Company on August 6, 2025. Mr. Xia Liang was appointed as a non-executive director of the Company on August 6, 2025. Before the appointment, Mr. Xia Liang also took management position of the Group, the amount only reflected his emolument after the appointment as a director.

(viii) Pursuant to the latest laws regulations of the China Securities Regulatory Commission, shareholders of the Company passed a resolution at the general meeting held in August 2025 to abolish the supervisory committee of the Company effective immediately. After the abolishment of the supervisory committee, the supervisors continue to be employees of the Group, the amounts did not reflect their emolument after the abolishment.

10 INDIVIDUALS WITH HIGHEST REMUNERATION

During the Track Record Period, the five individuals with the highest remuneration are all directors or supervisors whose remunerations are disclosed in Note 9.

11 EARNINGS PER SHARE

(a) Basic earnings per share

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

The weighted average number of ordinary shares has been adjusted retrospectively from January 1, 2023 for the effect of capitalization issues in 2025 (see Note 28(b)(ii)).

(i) Profit attributable to equity shareholders of the Company

	Years 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 attributable to equity shareholders of the Company	513,852	536,278	716,575	172,853	219,685

(ii) Weighted average number of ordinary shares

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*'000 (unaudited)*	*'000*
Issued ordinary shares at the beginning of the year/period	410,010	410,010	515,626	515,626	789,101
Effect of issuance of ordinary shares *(Note 28(c))*	–	–	44,017	32,012	–
Effect of issuance of ordinary shares related to acquisition of subsidiaries *(Note 28(c))*	–	8,801	–	–	–
Effect of treasury shares *(Note 28(d)(iv))*	–	–	(1,201)	–	(2,481)
Effect of capitalization issues *(Note 28(b)(ii))*	164,004	167,525	223,857	219,055	–
Weighted average number of ordinary shares at December 31/ March 31	574,014	586,336	782,299	766,693	786,620

(b) Diluted earnings per share

During the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2025 (unaudited) and 2026, there were no dilutive potential ordinary shares issued. Therefore, diluted earnings per share were the same as basic earnings per share.

This DOCUMENT is in draft form, incomplete and subject to change and that the information must be read in conjunction with the section headed "Warning" on the cover of this DOCUMENT.

12 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

The Group:

	Buildings	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Motor vehicles and others – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:												
At January 1, 2023	–	27,894	24,223	5,112	19,947	77,176	8,923	–	–	8,923	–	86,099
Additions	–	3,714	4,394	1,628	12,176	21,912	–	2,858	–	2,858	–	24,770
Disposals	–	–	(762)	–	–	(762)	–	–	–	–	–	(762)
At December 31, 2023 and January 1, 2024	–	31,608	27,855	6,740	32,123	98,326	8,923	2,858	–	11,781	–	110,107
Additions	1,374	2,033	3,210	315	60,470	67,402	69	493	852	1,414	–	68,816
Disposals	–	(20)	(121)	–	–	(141)	–	(2,313)	–	(2,313)	–	(2,454)
Transfer from construction in progress	–	124	–	–	(124)	–	–	–	–	–	–	–
Acquisition from business combination *(Note 15)*	306,971	190,764	69,172	97,188	13,914	678,009	96,088	–	–	96,088	9,121	783,218
At December 31, 2024 and January 1, 2025	308,345	224,509	100,116	104,243	106,383	843,596	105,080	1,038	852	106,970	9,121	959,687
Additions	2,831	2,862	11,517	252	617,604	635,066	–	144	–	144	–	635,210
Disposals	(87)	(1,092)	(1,120)	–	–	(2,299)	–	–	–	–	–	(2,299)
Exchange adjustment	(3,294)	(2,918)	(90)	–	32	(6,270)	–	–	–	–	–	(6,270)
Transfer from construction in progress	328,010	288,191	2,300	3,549	(622,050)	–	–	–	–	–	–	–
At December 31, 2025 and January 1, 2026	635,805	511,552	112,723	108,044	101,969	1,470,093	105,080	1,182	852	107,114	9,121	1,586,328
Additions	–	473	1,545	–	52,689	54,707	16	–	–	16	–	54,723
Disposals	(135)	(1,503)	(20)	–	–	(1,658)	–	–	–	–	–	(1,658)
Exchange adjustment	(7,238)	(3,154)	(71)	–	–	(10,463)	–	–	–	–	–	(10,463)
Transfer from construction in progress	7,583	17,056	–	133	(24,772)	–	–	–	–	–	–	–
At March 31, 2026	636,015	524,424	114,177	108,177	129,886	1,512,679	105,096	1,182	852	107,130	9,121	1,628,930

	Buildings	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Motor vehicles and others – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:												
At January 1, 2023	–	(20,531)	(17,960)	(1,394)	–	(39,885)	(801)	–	–	(801)	–	(40,686)
Charge for the year	–	(1,655)	(3,150)	(1,618)	–	(6,423)	(444)	(459)	–	(903)	–	(7,326)
Written back on disposals	–	–	762	–	–	762	–	–	–	–	–	762
At December 31, 2023 and January 1, 2024	–	(22,186)	(20,348)	(3,012)	–	(45,546)	(1,245)	(459)	–	(1,704)	–	(47,250)
Charge for the year	(3,127)	(5,271)	(4,678)	(3,750)	–	(16,826)	(818)	(706)	(42)	(1,566)	(121)	(18,513)
Written back on disposals	–	20	56	–	–	76	–	485	–	485	–	561
At December 31, 2024 and January 1, 2025	(3,127)	(27,437)	(24,970)	(6,762)	–	(62,296)	(2,063)	(680)	(42)	(2,785)	(121)	(65,202)
Charge for the year	(37,341)	(32,325)	(19,049)	(18,938)	–	(107,653)	(5,017)	(266)	(202)	(5,485)	(1,446)	(114,584)
Exchange adjustment	9	–	–	–	–	9	1	–	8	9	–	18
Written back on disposals	12	752	52	–	–	816	–	–	–	–	–	816
At December 31, 2025 and January 1, 2026	(40,447)	(59,010)	(43,967)	(25,700)	–	(169,124)	(7,079)	(946)	(236)	(8,261)	(1,567)	(178,952)
Charge for the period	(12,237)	(12,558)	(5,028)	(4,478)	–	(34,301)	(1,261)	(54)	(39)	(1,354)	(362)	(36,017)
Exchange adjustment	(3)	(1)	(1)	–	–	(5)	2	–	(10)	(8)	–	(13)
Written back on disposals	53	433	8	–	–	494	–	–	–	–	–	494
At March 31, 2026	(52,634)	(71,136)	(48,988)	(30,178)	–	(202,936)	(8,338)	(1,000)	(285)	(9,623)	(1,929)	(214,488)
Net book value:												
At March 31, 2026	583,381	453,288	65,189	77,999	129,886	1,309,743	96,758	182	567	97,507	7,192	1,414,442
At December 31, 2025	595,358	452,542	68,756	82,344	101,969	1,300,969	98,001	236	616	98,853	7,554	1,407,376
At December 31, 2024	305,218	197,072	75,146	97,481	106,383	781,300	103,017	358	810	104,185	9,000	894,485
At December 31, 2023	–	9,422	7,507	3,728	32,123	52,780	7,678	2,399	–	10,077	–	62,857

The Company

	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:									
At January 1, 2023	20,169	15,008	5,112	19,947	60,236	8,902	–	8,902	69,138
Additions	1,658	1,578	15	929	4,180	–	2,313	2,313	6,493
Disposals	–	(162)	–	–	(162)	–	–	–	(162)
At December 31, 2023 and January 1, 2024	21,827	16,424	5,127	20,876	64,254	8,902	2,313	11,215	75,469
Additions	696	1,959	20	410	3,085	–	397	397	3,482
Disposals	–	(96)	–	–	(96)	–	(2,313)	(2,313)	(2,409)
At December 31, 2024 and January 1, 2025	22,523	18,287	5,147	21,286	67,243	8,902	397	9,299	76,542
Additions	96	2,167	–	12	2,275	–	144	144	2,419
At December 31, 2025 and January 1, 2026	22,619	20,454	5,147	21,298	69,518	8,902	541	9,443	78,961
Additions	–	254	–	–	254	–	–	–	254
At March 31, 2026	22,619	20,708	5,147	21,298	69,772	8,902	541	9,443	79,215

	Plant and machinery	Motor vehicles, electronic equipment and others	Leasehold Improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:									
At January 1, 2023	(19,469)	(10,826)	(1,394)	–	(31,689)	(783)	–	(783)	(32,472)
Charge for the year	(432)	(2,005)	(1,396)	–	(3,833)	(441)	(267)	(708)	(4,541)
Written back on disposals	–	161	–	–	161	–	–	–	161
At December 31, 2023 and January 1, 2024	(19,901)	(12,670)	(2,790)	–	(35,361)	(1,224)	(267)	(1,491)	(36,852)
Charge for the year	(799)	(2,177)	(1,447)	–	(4,423)	(425)	(334)	(759)	(5,182)
Written back on disposals	–	10	–	–	10	–	485	485	495
At December 31, 2024 and January 1, 2025	(20,700)	(14,837)	(4,237)	–	(39,774)	(1,649)	(116)	(1,765)	(41,539)
Charge for the year	(470)	(1,640)	(910)	–	(3,020)	(390)	(190)	(580)	(3,600)
At December 31, 2025 and January 1, 2026	(21,170)	(16,477)	(5,147)	–	(42,794)	(2,039)	(306)	(2,345)	(45,139)
Charge for the period	(89)	(426)	–	–	(515)	(106)	(54)	(160)	(675)
At March 31, 2026	(21,259)	(16,903)	(5,147)	–	(43,309)	(2,145)	(360)	(2,505)	(45,814)
Net book value:									
At March 31, 2026	1,360	3,805	–	21,298	26,463	6,757	181	6,938	33,401
At December 31, 2025	1,449	3,977	–	21,298	26,724	6,863	235	7,098	33,822
At December 31, 2024	1,823	3,450	910	21,286	27,469	7,253	281	7,534	35,003
At December 31, 2023	1,926	3,754	2,337	20,876	28,893	7,678	2,046	9,724	38,617

Notes:

(i) As at December 31, 2023, 2024 and 2025 and March 31, 2026, certain of the Group's property, plant and equipment, investment properties and right-of-use assets with an aggregate net book value of nil, RMB225,514,000, RMB165,638,000 and RMB156,330,000 were pledged to secure loans to the Group, respectively, further details of which are included in Note 23.

(ii) Due to failure to complete the construction application procedures and other reasons, the Group did not have certificates of ownership for certain properties located in mainland China. As at December 31, 2023, 2024 and 2025 and March 31, 2026, these properties with an aggregate net book value of nil, RMB8,032,000, RMB6,849,000 and RMB6,553,000, respectively. The directors of the Group are of the opinion that the proportion of these properties in relation to the completed buildings and structures is relatively insignificant. In addition, these properties are not the main production and operation sites of the Group, and will not have a significant adverse impact on the sustainable operation of the Group.

(b) Right-of-use assets

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

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
Leasehold land and buildings – Right-of-use assets	903	1,524	5,283	2,309	1,315
Motor vehicles and others – Right-of-use assets	–	42	202	42	39
	903	1,566	5,485	2,351	1,354
Interest on lease liabilities *(Note 7(a))*	380	350	315	79	96
Expense relating to short-term leases	48	189	686	–	488

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(e) and 29(b).

(c) Investment properties

The Group leases out investment properties under operating leases. As at December 31,2024 and 2025 and March 31, 2026, the leases typically run for an initial period of 5-6 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,778	4,078	4,078
After 1 year but within 2 years	4,078	4,078	4,078
After 2 years but within 3 years	4,078	4,078	4,078
After 3 years but within 4 years	4,078	4,078	4,078
After 4 years but within 5 years	4,078	1,359	340
After 5 years	1,359	–	–
	21,449	17,671	16,652

13 INTANGIBLE ASSETS

The Group:

	Patents and trademarks	Software	Project operating rights	Project operation rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2023	–	1,317	6,860,783	2,505	6,864,605
Additions	–	169	–	341,563	341,732
Transfer from project operating rights under construction	–	–	21,404	(21,404)	–
Adjustment from re-valuation of restoration costs	–	–	39,901	–	39,901
At December 31, 2023 and January 1, 2024	–	1,486	6,922,088	322,664	7,246,238
Additions	–	314	76,918	797,331	874,563
Transfer from project operating rights under construction	–	–	349,857	(349,857)	–
Adjustment from re-valuation of restoration costs	–	–	42,304	–	42,304
Acquisition from business combination *(Note 15)*	17,808	7,148	1,471,346	25,309	1,521,611
At December 31, 2024 and January 1, 2025	17,808	8,948	8,862,513	795,447	9,684,716
Additions	–	79	118,493	118,652	237,224
Transfer from project operating rights under construction	–	–	865,209	(865,209)	–
Adjustment from re-valuation of restoration costs	–	–	29,676	–	29,676
At December 31, 2025 and January 1, 2026	17,808	9,027	9,875,891	48,890	9,951,616
Additions	–	296	1,061	23,624	24,981
Adjustment from re-valuation of restoration costs	–	–	164	–	164
Transfer from project operating rights under construction	–	–	3,643	(3,643)	–
At March 31, 2026	17,808	9,323	9,880,759	68,871	9,976,761
Accumulated amortisation:					
At January 1, 2023	–	(1,271)	(1,149,475)	–	(1,150,746)
Charge for the year	–	(19)	(284,275)	–	(284,294)
At December 31, 2023 and January 1, 2024	–	(1,290)	(1,433,750)	–	(1,435,040)
Charge for the year	(135)	(311)	(304,400)	–	(304,846)
At December 31, 2024 and January 1, 2025	(135)	(1,601)	(1,738,150)	–	(1,739,886)
Charge for the year	(2,630)	(1,518)	(544,421)	–	(548,569)
At December 31, 2025 and January 1, 2026	(2,765)	(3,119)	(2,282,571)	–	(2,288,455)
Charge for the period	(657)	(396)	(138,648)	–	(139,701)
At March 31, 2026	(3,422)	(3,515)	(2,421,219)	–	(2,428,156)
Net book value:					
At March 31, 2026	14,386	5,808	7,459,540	68,871	7,548,605
At December 31, 2025	15,043	5,908	7,593,320	48,890	7,663,161
At December 31, 2024	17,673	7,347	7,124,363	795,447	7,944,830
At December 31, 2023	–	196	5,488,338	322,664	5,811,198

The Company:

	Software	Project operating rights	Project operating rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	1,317	1,394,600	–	1,395,917
Adjustment from re-valuation of restoration costs	–	(23,992)	–	(23,992)
At December 31, 2023 and January 1, 2024	1,317	1,370,608	–	1,371,925
Additions	214	8,175	–	8,389
At December 31, 2024 and January 1, 2025	1,531	1,378,783	–	1,380,314
Additions	42	2	460	504
Transfer from project operating rights under construction	–	460	(460)	–
Adjustment from re-valuation of restoration costs	–	(1,479)	–	(1,479)
At December 31, 2025 and January 1, 2026 and March 31, 2026	1,573	1,377,766	–	1,379,339
Accumulated amortisation:				
At January 1, 2023	(1,272)	(465,440)	–	(466,712)
Charge for the year	(45)	(70,879)	–	(70,924)
At December 31, 2023 and January 1, 2024	(1,317)	(536,319)	–	(537,636)
Charge for the year	(7)	(68,729)	–	(68,736)
At December 31, 2024 and January 1, 2025	(1,324)	(605,048)	–	(606,372)
Charge for the year	(13)	(70,194)	–	(70,207)
At December 31, 2025 and January 1, 2026	(1,337)	(675,242)	–	(676,579)
Charge for the period	(3)	(17,727)	–	(17,730)
At March 31, 2026	(1,340)	(692,969)	–	(694,309)
Net book value:				
At March 31, 2026	233	684,797	–	685,030
At December 31, 2025	236	702,524	–	702,760
At December 31, 2024	207	773,735	–	773,942
At December 31, 2023	–	834,289	–	834,289

The amortization charge for the year is included in direct costs and operating expenses and administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, there were certain projects that were under construction and had not commenced operation, the amount of the project operating rights of these projects was RMB322,664,000, RMB795,447,000, RMB48,890,000 and RMB68,871,000, respectively. These intangible assets that had not commenced operation at the end of each reporting period are reviewed for impairment by management of the Company. Details of the impairment assessment is disclosed in Note 22.

Project Operating Rights — Service Concession Arrangements

As at December 31, 2023, 2024 and 2025 and March 31, 2026, Project Operating Rights with net book value amounting to RMB5,488,338,000, RMB6,752,867,000, RMB7,279,172,000 and RMB7,159,197,000 respectively, represents the project operating rights of service concession arrangements within the scope of IFRIC 12, details of which are set out below.

The Group has entered into a number of service concession arrangements with certain governmental authorities in Chinese Mainland in respect of its waste treatment services, household waste interim treatment, compression and transfer services. These service concession arrangements generally involve the Group as an operator (i) constructing waste treatment, household waste interim treatment, compression and transfer facilities (collectively, the "Facilities") for those arrangements on Build-Operate-Transfer ("BOT") or Build-Own-Operate-Transfer ("BOOT") basis; or (ii) paying a specific amount for purchasing the relevant right to use Facilities for operation for those arrangements on Transfer-Operate-Transfer ("TOT"). The Group will be paid for its services over the relevant periods ("Service Concession Periods") of the service concession arrangements at prices stipulated through a pricing adjustment principle or mechanism. The Group is generally entitled to use all the assets within the Facilities, however, the relevant governmental authorities as grantors will control and regulate the scope of services that the Group must provide with the Facilities, and retain the beneficial entitlement to any residual interest in the Facilities at the end of the terms of the Service Concession Periods. These service concession arrangements are governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authorities in Chinese Mainland, which includes, among others, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations imposed on the Group to restore the Facilities to a specified level of serviceability at the end of the Service Concession Periods, and arrangements for disputes settlement.

No.	Project name	Location	Name of grantor	Type of service concession arrangement	Service Concession Period
	Changsha Project				
1	– Changsha Waste-to-energy Incineration Project (phase I)	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2014 to 2042
2	– Changsha Waste-to energy Incineration Project (phase II)	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2019 to 2048
3	– Sludge treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2006 to 2031
4	– Leachate treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2006 to 2031
5	– Landfill project *(Note 19)*	Changsha, Hunan Province, the PRC	Changsha City Government	TOT	From 2006 to 2031
6	– Fly Ash treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2019 to 2049
7	Liuyang Project	Liuyang, Changsha, Hunan Province, the PRC	Liuyang City Government	BOT	From 2023 to 2053
	Pingjiang Project				
8	– Waste-to-energy incineration project	Pingjiang, Yueyang, Hunan Province, the PRC	Pingjiang County Government	BOT	From 2023 to 2053
9	– Landfill project	Pingjiang, Yueyang, Hunan Province, the PRC	Pingjiang County Government	TOT	From 2012 to 2037
	Changsha Transfer Project				
10	– Household waste interim treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOOT	From 2005 to 2030
11	– Sewage treatment project	Changsha, Hunan Province, the PRC	Changsha City Government	BOT	From 2015 to 2030

Pursuant to the service concession agreements entered into by the Group, the Group is granted the rights to use the property, plant and equipment of the Facilities and related land, which are generally registered under the names of the relevant companies of the Group, during the Service Concession Periods, but the Group is generally required to surrender these property, plant and equipment to the grantors at a specified level of serviceability at the end of the respective Service Concession Periods. These contractual obligations to maintain and restore the Facilities, except for any upgrade element, were recognized and measured in accordance with IAS 37, reflected as provision set out in Note 26.

Project Operating Rights — Changsha Food Waste Project

As detailed in Note 15, in November 2024, the Group acquired Renhe Group through business combination. On the date of acquisition, the management of Group has recognised intangible assets in respect of the project operating rights from Changsha Food Waste Project of Renhe Group, although this project is out the scope of IFRIC 12 since the concession agreement of this project was entered under the build-own-operate model and the grantor is unable to control significant residual interest of the underlying facilities. As at the date of the acquisition and December 31, 2024 and 2025 and March 31, 2026, the net book value of those project operating rights is RMB373,972,000, RMB371,496,000 and RMB314,148,000 and RMB300,343,000, respectively.

14 GOODWILL

	Renhe Environment Technology	Renhe Environment Protection	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023, December 31, 2023 and January 1, 2024	–	–	–
Arising from business combination *(Note 15)*	42,003	103,871	145,874
At December 31, 2024, January 1, 2025, December 31, 2025 and March 31, 2026	42,003	103,871	145,874

Impairment tests for cash-generating units containing goodwill

As described in Note 15, in November 2024, the Group acquired Renhe Group, of which two CGUs were identified, namely Renhe Environment Technology CGU and Renhe Environment Protection CGU. Renhe Environment Technology CGU principally engages in food waste collection, waste treatment services and sales of industrial-grade mixed oil. Renhe Environment Protection CGU principally engages in household waste interim treatment, compression and transfer services. Therefore, goodwill is allocated to the Group's CGUs identified according to business types.

(a) Renhe Environment Technology CGU

The recoverable amount of the Renhe Environment Technology CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering 12.5 and 11.5 years as at December 31, 2024 and 2025, respectively, which was the remaining period of the service concession contract. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As at December 31,	
	2024	2025
Annual growth rate of revenue during the remaining period of the franchise contract	-1.67% ~ 1.46%	1.17% ~ 2.93%
Net profit margin in operating periods	24.33% ~ 26.89%	22.37% ~ 28.27%
Pre-tax discount rate	10.10%	9.85%

As at December 31, 2024 and 2025, the headroom calculated based on the recoverable amounts deducting the carrying amount of the Renhe Environment Technology CGU was RMB391,756,000 and RMB573,799,000.

As there was no events or changes in circumstances indicate that goodwill might be impaired, no goodwill impairment test was performed for Renhe Environment Technology CGU as at March 31, 2026.

(b) Renhe Environment Protection CGU

The recoverable amount of the Renhe Environment Protection CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering 5.3 and 4.3 years as at December 31, 2024 and 2025, respectively, which was the remaining period of the service concession contract. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As at December 31,	
	2024	2025
Annual growth rate of revenue during the remaining period of the franchise contract	5.85% ~ 5.88%	2.93% ~ 4.37%
Net profit margin in operating periods	37.59% ~ 46.71%	38.37% ~ 45.30%
Pre-tax discount rate	11.24%	10.30%

As at December 31, 2024 and 2025, the headroom calculated based on the recoverable amounts deducting the carrying amount of the Renhe Environment Protection CGU was RMB385,327,000 and RMB664,649,000, respectively.

As there was no events or changes in circumstances indicate that goodwill might be impaired, no goodwill impairment test was performed for Renhe Environment Protection CGU as at March 31, 2026.

Sensitivity Analysis

The Group has undertaken sensitivity analysis on the impairment test of Renhe Environment Technology CGU and Renhe Environment Protection CGU. The following table sets forth the decrease of one percentage point in annual growth rate of revenue, net profit margin in operating period or increase of one percentage point in pre-tax discount rate that would, in isolation, have impact on the recoverable amount of the two CGUs respectively:

	As of December 31, 2024	
	Decrease in recoverable amount	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
	RMB'000	*RMB'000*
Annual growth rate of revenue	128,044	53,992
Net profit margin in operating period	29,430	33,310
Pre-tax discount rate	52,024	64,051

	As of December 31, 2025	
	Decrease in recoverable amount	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
	RMB'000	*RMB'000*
Annual growth rate of revenue	128,964	43,914
Net profit margin in operating period	31,728	28,285
Pre-tax discount rate	51,547	67,868

The directors of the Company are of the view that, a reasonably possible change in a key parameter will not cause the carrying amount of the relevant CGUs to exceed the recoverable amounts as at December 31, 2024 and 2025. The following table sets forth the hypothetical decrease in percentage points of annual growth rate of revenue, net profit margin in operating period or increase in percentage points of pre-tax discount rate that would have removed the remaining headroom between the carrying amount of the respective CGUs and the recoverable amounts, in isolation, as at December 31, 2024 and 2025:

	As of December 31, 2024	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
Annual growth rate of revenue	3.28%	7.48%
Net profit margin in operating period	13.31%	11.57%
Pre-tax discount rate	10.50%	6.79%

	As of December 31, 2025	
	Renhe Environment Technology CGU	Renhe Environment Protection CGU
Annual growth rate of revenue	4.97%	13.89%
Net profit margin in operating period	18.07%	19.14%
Pre-tax discount rate	18.46%	18.71%

15 ACQUISITION OF SUBSIDIARIES

In November 2024, the Group acquired of 63% equity interest in Renhe Group from 19 of its then shareholders at aggregated consideration of RMB2,196,810,000, by the way of issuing of new shares of the Company with fair value of RMB1,537,767,000 and cash payment of RMB659,043,000. Renhe Group principally engages in food waste collection, household waste interim treatment and transfer services, food waste treatment services and sales of industrial-grade mixed oil.

From the acquisition date to December 31, 2024, Renhe Group contributed revenue of RMB90,695,000 and profit of RMB21,643,000 to the Group's results.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition are set out as follows:

	Fair value
	RMB'000
Investment properties	9,121
Property, plant and equipment	678,009
Intangible assets	1,521,611
Right-of-use assets	96,088
Deferred tax assets	9,319
Other non-current assets	3,285
Inventories	4,287
Prepayments, trade and other receivables	844,970
Cash and cash equivalents	489,133
Other current assets	150,165
Trade and other payables	(119,906)
Bank loans and other borrowings	(154,121)
Deferred tax liabilities	(238,767)
Other liabilities	(37,740)
Total identifiable net assets acquired	3,255,454
NCI	1,204,518
Consideration transferred	
Cash	659,043
Ordinary shares issued	1,537,767
	2,196,810
Goodwill arising from acquisition	145,874

Pursuant to the Share Purchase Agreement between the Company and the 19 shareholders of Renhe Group (individually or collectively, the "Sellers"), certain Sellers ("Profit Guarantors") agree to commit on the aggregated profit targets of the Renhe Group for the five years ending December 31, 2027 (collectively, the "Performance Commitment Period") of RMB2.20 billion. Profit Guarantors shall make compensation to the Company in cash for the shortfall between the profit target and the profit from the audited consolidated financial statements of Renhe Group for the Performance Commitment Period to the extent of the proportion of their shareholding percentage. Profit Guarantors' performance commitment is considered as a contingent consideration for acquisition of Renhe Group, and measured at FVPL, with Level 3 fair value hierarchy. The management of the Company assessed the fair value of the contingent consideration using discounted cash flow method to capture the present value of the expected future economic that will flow into Group arising from the contingent consideration, based on an appropriate discount rate. The key significant unobservable input for the fair value measurement are probability of failure to achieve profit target and discount rate. As the date of the acquisition and end of the subsequent reporting periods, the management of the Company assessed the probability of failure to achieve profit target to be low, therefore the fair value of contingent consideration is insignificant.

NCI are measured at the NCI's proportionate share of the subsidiaries' net identifiable assets as set out in Note 2(c).

The Group incurred transaction costs of RMB9,245,000 in connection with the above acquisition. The transaction costs have been included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

An analysis of the cash flows in respect of the above acquisition is as follows.

	RMB'000
Cash consideration	(659,043)
Cash and cash balances acquired	489,133
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(169,910)
Net inflow of cash and cash equivalents included in cash flows used in investing activities for the year ended December 31, 2024	489,133
Net outflow of cash and cash equivalents included in cash flows used in investing activities for the year ended December 31, 2025	(659,043)

Note: If the above-mentioned acquisition had occurred on January 1, 2024, management estimates the consolidated revenue for year ended December 31, 2024 would have been RMB3,384,692,000 and consolidated profit for the year ended December 31, 2024 would have been RMB1,005,234,000.

16 INVESTMENTS IN SUBSIDIARIES

The carrying amounts of investments in subsidiaries of the Company is listed below:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	1,348,826	3,668,321	3,805,383	3,806,875

Further details of the material subsidiaries of the Group are set out in Note 1.

The following table lists out the information relating to Renhe Group, Puxiang Bioenergy, and Puxiang Environmental Energy, the subsidiaries of the Group which have a material NCI. The summarized financial information presented below represents the amounts before any inter-company elimination.

Renhe Group

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage of Renhe Group at December 31/March 31	37%	37%	37%
Current assets	1,135,836	1,442,841	1,607,770
Non-current assets	2,293,189	1,980,633	1,903,282
Current liabilities	(217,787)	(206,731)	(188,231)
Non-current liabilities	(334,141)	(283,030)	(271,768)
Net assets	2,877,097	2,933,713	3,051,053
Carrying amount of NCI	1,064,526	1,085,474	1,128,890

	One month ended December 31,	Year ended December 31,	Three months ended March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Revenue for the period/year	90,694	1,083,090	263,707
Profit and total comprehensive income for the period/year	21,643	356,616	117,341
Profit and total comprehensive income attributable to NCI	8,008	131,948	43,416
Dividends paid to NCI	148,000	111,000	–
Cash flows generated from operating activities	49,267	536,899	113,984
Cash flows generated from/(used in) investing activities	149,205	(174,200)	144,221
Cash flows used in financing activities	(418,164)	(327,474)	(587)

Puxiang Bioenergy

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NCI percentage of Puxiang Bioenergy at December 31/March 31	20%	20%	20%	20%
Current assets	472,270	507,154	521,692	639,457
Non-current assets	2,247,090	2,184,830	2,063,628	2,034,936
Current liabilities	(336,863)	(247,457)	(235,697)	(232,296)
Non-current liabilities	(828,781)	(704,375)	(554,924)	(557,260)
Net assets	1,553,716	1,740,152	1,794,699	1,884,837
Carrying amount of NCI	310,743	348,031	358,940	376,967

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue for the year/period	645,865	613,201	629,268	169,349
Profit and total comprehensive income for the year/period	299,636	306,059	314,400	90,138
Profit and total comprehensive income attributable to NCI	59,927	61,212	62,880	18,027
Dividends paid to NCI	60,000	24,000	52,000	–
Cash flows generated from operating activities	368,224	409,080	507,543	92,434
Cash flows used in investing activities	(31,448)	(3,061)	(1,377)	(140,108)
Cash flows used in financing activities	(485,266)	(396,496)	(427,249)	(2,526)

Puxiang Environmental Energy

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NCI percentage of Puxiang Environmental Energy at December 31/March 31	30%	30%	30%	30%
Current assets	482,288	447,312	427,489	515,664
Non-current assets	2,411,221	2,329,496	2,230,514	2,206,768
Current liabilities	(382,586)	(288,262)	(274,861)	(262,288)
Non-current liabilities	(1,596,487)	(1,447,857)	(1,273,447)	(1,276,078)
Net assets	914,436	1,040,689	1,109,695	1,184,066
Carrying amount of NCI	274,331	312,207	332,909	355,220

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue for the year/period	572,188	540,986	531,187	139,332
Profit and total comprehensive income for the year/period	268,565	276,110	268,966	74,370
Profit and total comprehensive income attributable to NCI	80,569	82,833	80,690	22,311
Dividends paid to NCI	42,000	45,000	60,000	–
Cash flows generated from operating activities	415,985	423,857	507,435	96,369
Cash flows used in investing activities	(126,925)	(94,546)	(22,142)	(88,939)
Cash flows used in financing activities	(349,052)	(365,267)	(416,091)	(7,573)

17 FINANCIAL ASSETS AT FVPL AND OTHER FINANCIAL ASSETS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Structured deposits *(note (i))*	814,065	547,269	1,377,480	1,502,424

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other financial assets				
Financial assets at FVOCI (non-recycling):				
– Investment in unlisted equity	300	300	300	300
Financial assets at amortized cost:				
– Entrusted loans *(note (ii))*	120,397	90,254	60,163	60,114
– Bank CDs *(note (iii))*	634,178	525,857	429,089	431,974
Less: Non-current portion				
– Investment in unlisted equity	(300)	(300)	(300)	(300)
– Entrusted loans *(note (ii))*	(90,397)	(60,254)	(30,163)	–
– Bank CDs *(note (iii))*	(510,866)	(418,208)	–	–
Current portion	153,312	137,649	459,089	492,088

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Structured deposits *(note (i))*	814,065	547,269	1,137,346	1,207,395
Other financial assets				
Financial assets at FVOCI (non-recycling):				
– Investment in unlisted equity	300	300	300	300
Financial assets at amortized cost:				
– Entrusted loans *(note (ii))*	120,397	90,254	60,163	60,114
– Bank CDs *(note (iii))*	634,178	525,857	429,089	431,974
Less: Non-current portion				
– Investment in unlisted equity	(300)	(300)	(300)	(300)
– Entrusted loans *(note (ii))*	(90,397)	(60,254)	(30,163)	–
– Bank CDs *(note (iii))*	(510,866)	(418,208)	–	–
Current portion	153,312	137,649	459,089	492,088

Notes:

(i) Structured deposits

The structured deposits are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, mainly including foreign exchanges, bonds, debentures and other financial assets.

(ii) Entrusted loan

The entrusted loan is provided to a third party, with a variable interest rate of 1-year LPR plus 40 basis points. The principal is to be repaid in equal instalments over five years, with an equal installment of RMB30 million due on July 21, 2023, July 22, 2024, July 21, 2025, July 21, 2026, and March 21, 2027, respectively.This loan is guaranteed by state-owned entity which is a government-affiliated entity.

(iii) Bank CDs

Bank CDs are all financial instruments issued by banks with fixed terms of 3 years and fixed interest rates range from 2.90% to 3.25%, 2.90% to 3.25%, 2.90% to 3.00% and 2.90% to 3.00% as at December 31, 2023, 2024 and 2025 and March 31, 2026 per annum, respectively. The Group manages these CDs to hold until their respective maturities to receive the associated contractual cash flows.

18 INVENTORIES

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

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	27,626	35,260	40,946	41,440
Finished goods	–	246	217	372
Other materials	423	787	310	298
	28,049	36,293	41,473	42,110

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	6,944	11,597	15,044	14,521
Other materials	27	–	27	–
	6,971	11,597	15,071	14,521

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

The Group:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of inventories recognized as cost of sales	101,835	93,358	124,171	27,464	55,599
Carrying amount of inventories recognized as research and development expenses	19,306	31,953	22,996	3,309	2,210
	121,141	125,311	147,167	30,773	57,809

19 PREPAYMENTS, TRADE 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*
Trade receivables	809,491	1,858,999	1,820,215	1,948,971
Less: loss allowance	(43,006)	(55,553)	(61,634)	(72,169)
	766,485	1,803,446	1,758,581	1,876,802
Bills receivables	10,861	–	–	–
Receivables arising from service concession arrangements	236,275	219,595	202,120	197,617
Prepayments	85,498	72,458	14,498	24,302
Prepayment of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT recoverable	112,039	158,758	130,070	123,290
Loans to a related party	–	6,139	6,540	–
Other receivables and deposits	2,317	2,589	2,627	3,297
Less: loss allowance for other receivables	(194)	(425)	(3,438)	(521)
	1,213,281	2,262,560	2,124,199	2,240,214

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less: Non-current portion				
– Receivables arising from service concession arrangements	(221,111)	(202,486)	(183,181)	(178,193)
– Prepayment for purchase of other property, plant and equipment	(71,399)	(57,313)	(1,817)	(5,139)
Current portion	920,771	2,002,761	1,939,201	2,056,882

Notes:

(i) Prepayments mainly represent prepayments for purchase of other property, plant and equipment, electricity and fuel expense.

(ii) All of the current portion of trade and other receivables are expected to be recovered or recognized as expense within one year or are recovered on demand.

(iii) Receivables arising from service concession arrangements, were mainly arose from the unconditional right to receive cash from the grantor in respect of waste treatment service in Landfill of Changsha Project set out in Note 13.

(iv) During the three months ended March 31, 2026, Renhe Group recovered loans to an associate and a third party with principals amounted to RMB9,000,000 and RMB20,000,000, respectively, related interests and penalty for breach of contacts aggregated to RMB2,359,000 and RMB7,620,000, respectively. The principal amounts of loans to a third party were fully impaired and RMB4,886,000 impairment losses have been recognized for loans to an associate in prior years. The recovery of the principal of the loans resulted in a reversal of ECL of RMB24,886,000 in the consolidated statements of profit or loss and other comprehensive income.

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	203,278	289,913	232,980	231,225
Less: loss allowance	(10,164)	(14,496)	(11,649)	(11,561)
	193,114	275,417	221,331	219,664
Receivables arising from service concession arrangements	236,275	219,595	202,120	197,617
Prepayments	3,302	3,950	3,961	3,121
Prepayment of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT recoverable	–	4	1,161	1,042
Amounts due from subsidiaries	110,671	113,541	127,470	138,151
Other receivables and deposits	191	299	209	1,038
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Less: Non-current portion				
– Receivables arising from service concession arrangements	(221,111)	(202,486)	(183,181)	(178,193)
– Prepayment for purchase of property, plant and equipment	–	(19)	–	–
Current portion	322,442	410,301	386,272	397,867

Ageing analysis

The ageing analysis of trade receivables net off loss allowance, based on the revenue recognition date, is as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	720,923	1,666,170	1,528,018	1,581,766
1 to 2 years	45,562	134,110	227,558	292,038
2 to 3 years	–	3,166	1,193	1,196
3 to 4 years	–	–	1,812	1,795
4 to 5 years	–	–	–	7
	766,485	1,803,446	1,758,581	1,876,802

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	193,114	275,417	221,331	219,664

As at the end of each reporting period, the trade receivables and receivables arising from service concession arrangements are mainly from government authorities and state electricity grid authorities. The expected credit loss from government authorities and state-owned entities is evaluated at each reporting date using the probability of default approach to measure expected credit losses. The provision rates are referenced to the credit ratings of comparables with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables and receivables arising from service concession arrangements are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivables and receivables arising from service concession arrangement does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The expected credit loss from non-government authorities or non-state electricity grid authorities is evaluated at each reporting date using the provision matrix approach.

Movement in the loss allowance account in respect of trade receivables and receivables arising from service concession arrangements during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 is as follows:

	Years 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	31,053	43,006	55,553	61,634
Loss allowance recognised	11,953	12,547	6,081	10,535
At the end of the year/period	43,006	55,553	61,634	72,169

The following table provides information about the Group's exposure to credit risk and credit loss for trade receivables and receivables arising from service concession arrangements:

	As at December 31,									As at March 31,		
	2023			2024			2025			2026		
	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On individual basis												
– government agencies government agencies A	3.5%	812,187	(28,796)	2.2%	1,742,428	(38,785)	2.8%	1,684,722	(46,865)	3.1%	1,754,346	(53,990)
other government agencies	5.0%	3,012	(151)	0.2%	63,961	(150)	1.6%	90,876	(1,412)	2.3%	109,393	(2,473)
– state electricity grid authorities B	6.1%	220,642	(13,563)	6.2%	255,430	(15,796)	5.4%	216,500	(11,744)	5.6%	238,055	(13,364)

	As at December 31,									As at March 31,		
	2023			2024			2025			2026		
	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance	Expected loss rates	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On customer group . . .	5.0%	9,925	(496)	4.9%	16,775	(822)	5.3%	30,237	(1,613)	5.2%	44,794	(2,342)
		1,045,766	(43,006)		2,078,594	(55,553)		2,022,335	(61,634)		2,146,588	(72,169)

As described in Note 15, in November 2024, the Group acquired the Renhe Group. Since trade and other receivables of the Renhe Group were measured at fair value at the date of acquisition and the effects of uncertainty about future cash flows including expected credit loss were reflected in the fair value measurement, the Group did not recognize a separate loss allowance for those trade and other receivables in the initial measurement on that date.

20 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	861,370	1,444,006	1,219,757	1,220,907

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	481,909	807,745	479,131	292,359

(b) Restricted cash

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee deposits *(note)*	8,915	13,422	13,448	12,585

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee deposits *(note)*	5,135	5,715	2,581	2,581

Note: As at the end of each reporting period, the restricted deposits for the Group and the Company mainly represented the guaranteed deposits made as a security to the letter of credit issued by banks, which provided to the customer of the Group to guarantee the fulfillment of certain performance obligation.

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

	Note	Years 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 before taxation		702,684	762,512	1,151,485	280,522	348,391
Adjustments for:						
Impairment losses/(gains) under ECL model, net of reversal		13,095	9,924	5,686	16,653	(18,896)
Depreciation of property, plant and equipment and investment properties	*7(c)*	6,423	16,947	109,099	29,230	34,663
Depreciation of right-of-use assets	*7(c)*	903	1,566	5,485	2,351	1,354
Amortisation of intangible assets	*7(c)*	284,294	304,846	548,569	130,934	139,701
(Gains)/losses on disposal of property, plant and equipment		(356)	18	792	–	1,002
Investment income and net fair value changes on financial assets at FVPL	*6*	(34,692)	(18,936)	(15,616)	(3,876)	(5,574)
Interest income from other financial assets	*5*	(17,431)	(21,525)	(15,343)	(4,521)	(3,416)
Share of loss/(gain) of an associate		–	167	(4)	(33)	(1,613)
Equity-settled share-based payment expenses	*7(b)*	7,740	4,301	1,627	557	–
Interest expense	*7(a)*	135,185	110,257	116,493	26,190	33,099
Foreign exchange loss/(gain)	*6*	561	(1,510)	2,995	2,214	2,893
Changes in working capital:						
Increase in inventories		(8,977)	(8,244)	(5,180)	(1,321)	(637)
(Increase)/decrease in prepayments, trade and other receivables		(206,302)	(187,460)	62,078	(196,095)	(128,971)
Decrease/(increase) in contract assets		151	3,195	(660)	(7,083)	(7,020)
Increase/(decrease) in contract liabilities		14	5,419	(3,075)	(3,871)	3,123
Increase/(decrease) in trade and other payables		39,161	84,267	(63,370)	(80,761)	(96,196)
Cash generated from operations		922,453	1,065,744	1,901,061	191,090	301,903

(d) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2023	2,947,538	8,321	2,955,859
Changes from financing cash flows:			
Proceeds from new bank loans	80,000	–	80,000
Repayment of bank loans	(380,150)	–	(380,150)
Interest paid	(105,680)	–	(105,680)
Capital element of lease rentals paid	–	(949)	(949)
Interest element of lease rentals paid	–	(380)	(380)
Total changes from financing cash flows	(405,830)	(1,329)	(407,159)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	2,798	2,798
Interest expenses *(Note 7(a))*	104,326	380	104,706
Capitalized borrowing costs *(Note 7(a))*	221	–	221
Total other changes	104,547	3,178	107,725
At December 31, 2023	2,646,255	10,170	2,656,425

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2024	2,646,255	10,170	2,656,425
Changes from financing cash flows:			
Proceeds from new bank loans	588,006	–	588,006
Repayment of bank loans	(501,106)	–	(501,106)
Interest paid	(77,256)	–	(77,256)
Capital element of lease rentals paid	–	(220)	(220)
Interest element of lease rentals paid	–	(350)	(350)
Total changes from financing cash flows	9,644	(570)	9,074
Other changes:			
Acquisition of subsidiaries	154,121	–	154,121
Increase in lease liabilities from entering into new leases during the year	–	1,345	1,345
Decrease in lease liabilities from terminating leases during the year	–	(3,098)	(3,098)
Interest expenses *(Note 7(a))*	66,354	350	66,704
Capitalized borrowing costs *(Note 7(a))*	9,733	–	9,733
Total other changes	230,208	(1,403)	228,805
At December 31, 2024	2,886,107	8,197	2,894,304

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2025	2,886,107	8,197	2,894,304
Changes from financing cash flows:			
Proceeds from new bank loans	593,018	–	593,018
Repayment of bank loans	(463,744)	–	(463,744)
Interest paid	(93,053)	–	(93,053)
Capital element of lease rentals paid	–	(459)	(459)
Interest element of lease rentals paid	–	(353)	(353)
Total changes from financing cash flows	36,221	(812)	35,409
Other changes:			
Interest expenses *(Note 7(a))*	75,591	315	75,906
Capitalized borrowing costs *(Note 7(a))*	9,055	–	9,055
Capitalized exchange gains and losses	3,342	–	3,342
Exchange difference	(1,660)	–	(1,660)
Total other changes	86,328	315	86,643
At December 31, 2025	3,008,656	7,700	3,016,356

	Bank loans and other borrowings	Lease liabilities	Total
	RMB'000 (Note 23)	*RMB'000 (Note 24)*	*RMB'000*
At January 1, 2026	3,008,656	7,700	3,016,356
Changes from financing cash flows:			
Proceeds from loans and borrowings	268,000	–	268,000
Repayment of loans and borrowings	(29,695)	–	(29,695)
Interest paid	(20,932)	–	(20,932)
Total changes from financing cash flows	217,373	–	217,373
Other changes:			
Interest expenses *(Note 7(a))*	21,462	96	21,558
Total other changes	21,462	96	21,558
At March 31, 2026	3,247,491	7,796	3,255,287

(e) Total cash outflow for leases

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating cash flows	48	189	686	–	488
Within financing cash flows	1,329	570	812	–	–
	1,377	759	1,498	–	488

21 TRADE AND OTHER PAYABLES

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Equipment and construction	239,141	314,694	332,160	273,253
– Others	51,969	115,207	101,673	81,923
	291,110	429,901	433,833	355,176
Other taxes payable	24,413	17,630	16,190	17,900
Payroll payables	47,364	70,588	85,548	30,284
Deposits from suppliers	8,287	30,203	30,138	28,421
Payable for Build-Operate-Transfer ("BOT") project investment *(note)*	52,564	51,047	50,578	50,578
Acquisition payables	–	661,043	2,000	2,000
Amount due to an associate	–	1,500	1,500	–
Others	356	26,537	23,757	19,450
	424,094	1,288,449	643,544	503,809
Less: Non-current portion				
– Amount due to an associate	–	(1,500)	(1,500)	–
– Others	–	(25,000)	(22,608)	(18,128)
Current portion	424,094	1,261,949	619,436	485,681

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Equipment and construction	23,787	10,958	12,671	13,130
– Others	9,243	11,067	22,634	24,725
	33,030	22,025	35,305	37,855
Other taxes payable	11,143	437	3,605	2,630
Payroll payables	21,747	23,295	24,557	4,071
Amounts due to subsidiaries	44,371	–	3	–
Payable for BOT project investment *(note)*	52,564	51,047	50,578	50,578
Acquisition payable	–	659,043	–	–
Others	2,709	2,392	164	1,506
	165,564	758,239	114,212	96,640

Note: Payable for BOT project investment was arised from the difference between the actual construction costs and the budgeted costs as agreed between the Group and the grantor of one of the BOT projects. Pursuant to the relevant agreement, the Group is obligated to refund the shortfall to the grantor upon demand.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	125,515	341,111	354,651	273,944
1 to 2 years	48,012	22,564	69,305	70,359
2 to 3 years	75,473	25,920	283	1,050
3 to 4 years	29,733	27,182	708	997
4 to 5 years	1,783	11,807	3,293	2,784
Over 5 years	10,594	1,317	5,593	6,042
	291,110	429,901	433,833	355,176

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	11,631	13,878	27,933	27,773
1 to 2 years	3,250	855	181	2,781
2 to 3 years	1,077	642	270	503
3 to 4 years	4,697	693	637	609
4 to 5 years	1,782	4,641	691	618
Over 5 years	10,593	1,316	5,593	5,571
	33,030	22,025	35,305	37,855

22 CONTRACT ASSETS AND CONTRACT LIABILITIES

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:				
BOT project operation services	30,213	27,018	27,678	34,698
Less: loss allowance on contract assets	(3,829)	(1,351)	(1,384)	(1,963)
	26,384	25,667	26,294	32,735

The movements in the loss allowance for contract assets are as follows:

	Years 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	2,522	3,829	1,351	1,384
Recognition/(reversal) of credit losses, net	1,307	(2,478)	33	579
At the end of the year/period	3,829	1,351	1,384	1,963

The expected credit loss is evaluated at each reporting date using the probability of default approach to measure expected credit losses. The provision rates are referenced to the credit ratings of comparables with published credit ratings. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate	12.7%	5.0%	5.0%	5.7%
Gross carrying amount (RMB'000)	30,213	27,018	27,678	34,698
Expected credit losses (RMB'000)	(3,829)	(1,351)	(1,384)	(1,963)

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the contract assets arising from performance under construction contracts in connection with service concession arrangement included in "intangible assets" amounted to RMB322,664,000, RMB795,447,000, RMB48,890,000 and RMB68,871,000, respectively. The Group applied ECL model when assessing loss allowance of the contract assets arising from performance under construction contracts in connection with service concession arrangement. As the Group was entitled to a non-cash consideration (i.e. project operating rights) upon the fulfillment of all relevant performance obligation, when applying ECL model, the Group considered the risk of not receiving the promised project operating rights. As at the end of each of the reporting period, the Group considered the risk of not receiving the project operating rights to be low, based on the credibility of the relevant government authorities, therefore, the ECL to the contract assets arising from performance under construction contracts in connection with service concession arrangement is immaterial.

Contract liabilities

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance	281	5,700	2,625	5,748

Movements in contract liabilities:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
At the beginning of the year/period	267	281	5,700	5,700	2,625
Acquisition from business combination	–	5,419	–	–	–
Increase in contract liabilities during the year/period	14	17,280	198,751	1,014	4,368
Decrease in contract liabilities as a result of recognizing revenue during the year/period	–	(17,280)	(201,826)	(4,885)	(1,245)
At the end of the year/period	281	5,700	2,625	1,829	5,748

23 BANK LOANS AND OTHER BORROWINGS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured loans				
– RMB denominated *(note (i))*	–	116,157	241,742	436,394
– Japanese Yen ("JPY") denominated *(note (iii))*	–	28,711	27,214	26,345
Secured bank loans				
– RMB denominated *(note (ii))*	2,646,255	2,741,239	2,739,700	2,784,752
	2,646,255	2,886,107	3,008,656	3,247,491
Less: current portion of bank loans and other borrowings	(490,871)	(482,365)	(502,887)	(494,887)
	2,155,384	2,403,742	2,505,769	2,752,604

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured loans				
– RMB denominated *(note (i))*	–	–	89,716	269,856
Secured bank loans				
– RMB denominated	260,552	194,035	147,084	120,904
	260,552	194,035	236,800	390,760
Less: current portion of bank loans	(66,918)	(67,057)	(39,715)	(30,885)
	193,634	126,978	197,085	359,875

Notes:

(i) As at December 31, 2025 and March 31, 2026, RMB denominated unsecured bank loans bore effective interest rates ranging from 0.65% to 2.5% per annum and 0.65% to 2.4% per annum, respectively.

(ii) As at December 31, 2023, 2024 and 2025 and March 31, 2026, RMB denominated secured bank loans are pledged by certain plant, property and equipment and/or pledged by concession rights and/or underlying future income or receivables, bore effective interest rates ranging from 3.20% to 3.95% per annum, 2.45% to 3.65% per annum, 2.35% to 3.65% per annum and 2.35% to 2.75% per annum, respectively. As at December 31, 2023, 2024 and 2025 and March 31, 2026, the balances of bank loans and other borrowings were guaranteed by related parties described in Note 31(e) were RMB2,566,179,000, RMB2,077,637,000, RMB989,845,000 and RMB989,888,000, respectively.

(iii) As at December 31, 2024 and 2025 and March 31, 2026, JPY denominated unsecured other borrowings bore effective interest rates of 0.65% per annum, 0.65% per annum and 0.65% per annum, respectively.

(iv) Certain loans were subject to the fulfillment of certain financial covenants of the Group or certain subsidiaries. As at the end of each reporting period, the Group was in compliance with these financial covenants.

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

(i) Bank loans

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	490,871	481,116	501,074	493,091
After 1 year but within 2 years	389,476	509,952	454,887	734,249
After 2 years but within 5 years	1,084,821	1,064,140	1,043,998	982,183
After 5 years	681,087	802,188	981,483	1,011,623
	2,646,255	2,857,396	2,981,442	3,221,146

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	66,918	67,057	39,715	30,885
After 1 year but within 2 years	56,656	30,490	46,824	314,179
After 2 years but within 5 years	106,514	96,488	150,261	45,696
After 5 years	30,464	–	–	–
	260,552	194,035	236,800	390,760

(ii) Other borrowings

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	–	1,249	1,813	1,796
After 1 year but within 2 years	–	1,248	1,210	1,169
After 2 years but within 5 years	–	3,745	3,629	3,507
After 5 years	–	22,469	20,562	19,873
	–	28,711	27,214	26,345

24 LEASE LIABILITIES

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

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,001	981	440	445
After 1 year but within 2 years	885	434	348	351
After 2 years but within 5 years	1,463	1,351	1,141	1,153
After 5 years	6,821	5,431	5,771	5,847
	9,169	7,216	7,260	7,351
	10,170	8,197	7,700	7,796

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	769	861	316	321
After 1 year but within 2 years	825	409	331	336
After 2 years but within 5 years	1,463	1,334	1,141	1,153
After 5 years	6,821	5,431	5,772	5,831
	9,109	7,174	7,244	7,320
	9,878	8,035	7,560	7,641

25 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

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

The Group:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	15,389	22,076	53,523	32,944
Provisions for income tax	60,407	108,681	181,243	54,758
Acquisition from business combination	–	17,413	–	–
Income tax paid	(53,720)	(94,647)	(201,822)	(66,152)
At the end of the year/period	22,076	53,523	32,944	21,550
Reconciliation to the consolidated statements of financial position:				
Current tax payable	22,076	53,523	34,712	50,295
Current tax recoverable	–	–	(1,768)	(28,745)
	22,076	53,523	32,944	21,550

(b) Deferred tax assets and liabilities recognized

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

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

The Group:

Deferred tax assets/(liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Provisions	Impairment losses	Equity Incentive	Fair value adjustments arising from acquisition of subsidiaries	Changes in fair value	Temporary differences on assets recognized under IFRIC-Int 12	Depreciation and amortization allowances difference	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	(1,218)	1,248	177,243	3,378	–	–	(3,401)	(19,869)	(147,036)	10,345
Credited/(charged) to profit or loss	1,050	(318)	307	15,222	1,248	–	–	1,291	775	(9,056)	10,519
At December 31, 2023 and January 1, 2024	1,050	(1,536)	1,555	192,465	4,626	–	–	(2,110)	(19,094)	(156,092)	20,864
Acquisition from business combination	–	–	–	2,285	9,150	3,838	(238,767)	(24)	–	(5,930)	(229,448)
Credited/(charged) to profit or loss	1,967	390	(281)	32,183	3,624	–	–	2,094	2,069	(9,629)	32,417

Deferred tax assets/(liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Provisions	Impairment losses	Equity Incentive	Fair value adjustments arising from acquisition of subsidiaries	Changes in fair value	Temporary differences on assets recognized under IFRIC-Int 12	Depreciation and amortization allowances difference	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024 and January 1, 2025	3,017	(1,146)	1,274	226,933	17,400	3,838	(238,767)	(40)	(17,025)	(171,651)	(176,167)
(Charged)/credited to profit or loss	(3,017)	81	(115)	43,946	897	(3,838)	37,898	(26)	1,194	(53,244)	23,776
At December 31, 2025 and January 1, 2026	–	(1,065)	1,159	270,879	18,297	–	(200,869)	(66)	(15,831)	(224,895)	(152,391)
Credited/(charged) to profit or loss	–	53	18	2,111	(205)	–	8,699	3	178	385	11,242
At March 31, 2026	–	(1,012)	1,177	272,990	18,092	–	(192,170)	(63)	(15,653)	(224,510)	(141,149)

(ii) Reconciliation to the consolidated statement of financial position

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	20,864	62,600	48,664	52,059
Net deferred tax liabilities recognized in the consolidated statements of financial position	–	(238,767)	(201,055)	(193,208)
	20,864	(176,167)	(152,391)	(141,149)

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(s), as at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group has not recognized deferred tax assets in respect of cumulative unused tax losses arising from the Group of RMB11,881,000, RMB1,936,000, RMB4,137,000 and RMB4,152,000, respectively, and deductible temporary differences arising from the Group of nil, RMB20,677,000, RMB20,677,000 and nil, respectively, as they are not probable that future taxable profits against which the deductible temporary differences can be utilized will be available in the relevant tax jurisdiction and entity. The unused tax losses will be expired for income tax deduction by December 31, 2030.

26 PROVISIONS

The Group:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for maintenance and restoration of infrastructure under service concession arrangements	769,860	913,847	1,089,420	1,097,781

The Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for maintenance and restoration of infrastructure under service concession arrangements	220,255	233,836	240,776	242,883

The movements of provisions during the year were as follows:

The Group:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning	708,973	769,860	913,847	1,089,420
Addition	–	43,668	127,471	–
Adjustment from re-valuation of restoration costs	39,901	42,304	29,676	164
Unwinding of discount on provisions	30,479	43,553	40,587	11,541
Acquisition of subsidiaries	–	15,241	–	–
Provisions utilised	(9,493)	(779)	(22,161)	(3,344)
Balance at the end	769,860	913,847	1,089,420	1,097,781

The Company:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning	228,442	220,255	233,836	240,776
Addition	–	–	–	–
Adjustment from re-valuation of restoration costs	(17,842)	5,094	(1,478)	–
Unwinding of discount on provisions	9,824	9,265	8,418	2,107
Provisions utilised	(169)	(778)	–	–
Balance at the end	220,255	233,836	240,776	242,883

27 EQUITY-SETTLED SHARE-BASED PAYMENTS

Upon the approval of Board of Director of the Company on July 29, 2020 and shareholders' meeting on August 13, 2020, the Company launched the employee stock incentive scheme directly to certain employees of the Group and indirectly by two platforms, namely, 湖南道信投資諮詢合夥企業(有限合夥) (Hunan Daoxin Investment Consulting Partnership (Limited Partnership), "Hunan Daoxin") and 湖南品信投資諮詢合夥企業(有限合夥) (Hunan Pinxin Investment Consulting Partnership (Limited Partnership), "Hunan Pinxin").

On September 22, 2020, the controlling shareholder of the Company 湖南軍信環保集團有限公司 (Hunan Junxin Environmental Group Co., Ltd., "Junxin Group") transferred 2,910,000 ordinary shares of the Company to one director and two employees of the Group at a price of RMB7.5 per share, of which the fair value was RMB14.02 per share at the date of grant.

On the same day, 63 employees of the Group were granted the right to indirectly hold the ordinary shares in aggregate of 5,820,000 shares of the Company at a price of RMB7.5 per share, of which the fair value was RMB14.02 per share at the date of grant, through the two shareholding platforms, whose shares were transferred from Junxin Group.

The fair value of equity-settled share-based payments was calculated based on the fair value of underlying ordinary shares as at the grant date. The grant date fair value of the underlying ordinary shares was determined with the assistance of an independent third party valuation firm by using the discounted cash flow method under the income approach. The discounted cash flow derived by management considered Group's future business plan, specific business and financial risks, the stage of development of Group's operations and economic and competitive elements affecting Group's business, industry and market. The discount rates used for the grant date fair value were 10.00%.

The shares granted under this employee stock incentive scheme will be vested in five years (the "Service Period"), with 20% of the shares granted unlocked each year within Service Period, except for those granted to Mr. Dai Daoguo and Mr. He Yingpin, which unlocked directly upon the date of granting.

The unlocked shares due to failure on fulfillment of Service Period shall transfer to Mr. Dai Daoguo, Mr. He Yingpin or Junxin Group at a price of RMB7.5 per share, deducting all the dividends received.

The equity-settled share-based payment expenses recognized during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 (unaudited) and 2026 are as follows:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Share-based payment expenses	7,740	4,301	1,627	557	–

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Note	Share capital	Treasury shares reserves	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 28(c)	*Note 28(d)(iv)*	*Notes 28(d)(i)*	*Note 28(d)(ii)*		
Balance at January 1, 2023		410,010	–	2,787,419	113,405	814,305	4,125,139
Profit and total comprehensive income for the year		–	–	–	–	412,204	412,204
Appropriation to statutory reserve		–	–	–	41,220	(41,220)	–
Dividends declared	*28(b)(i)*	–	–	–	–	(369,009)	(369,009)
Equity-settled share-based transactions		–	–	6,046	–	–	6,046
Balance at December 31, 2023		410,010	–	2,793,465	154,625	816,280	4,174,380
Balance at January 1, 2024		410,010	–	2,793,465	154,625	816,280	4,174,380
Profit and total comprehensive income for the year		–	–	–	–	551,095	551,095
Appropriation to statutory reserve		–	–	–	55,109	(55,109)	–
Acquisition of a subsidiary through issuing of new shares		105,616	–	1,432,151	–	–	1,537,767
Equity-settled share-based transactions		–	–	3,249	–	–	3,249
Dividends declared	*28(b)(i)*	–	–	–	–	(369,009)	(369,009)
Balance at December 31, 2024		515,626	–	4,228,865	209,734	943,257	5,897,482
Balance at January 1, 2025		515,626	–	4,228,865	209,734	943,257	5,897,482
Profit and total comprehensive income for the year		–	–	–	–	579,292	579,292
Appropriation to statutory reserve		–	–	–	57,929	(57,929)	–
Non-public issuance of A shares		48,018	–	696,422	–	–	744,440
Effect of capitalization issues	*28(b)(ii)*	225,457	–	(225,457)	–	–	–
Equity-settled share-based transactions		–	–	1,236	–	–	1,236
Repurchase of ordinary A shares	*28(d)(iv)*	–	(51,000)	–	–	–	(51,000)
Dividends declared	*28(b)(i)*	–	–	–	–	(507,279)	(507,279)
Balance at December 31, 2025		789,101	(51,000)	4,701,066	267,663	957,341	6,664,171
Balance at January 1, 2026		789,101	(51,000)	4,701,066	267,663	957,341	6,664,171
Profit and total comprehensive income for the period		–	–	–	–	16,986	16,986
Repurchase of ordinary A shares		–	(249,006)	–	–	–	(249,006)
Balance at March 31, 2026		789,101	(300,006)	4,701,066	267,663	974,327	6,432,151

(b) Dividends

(i) Cash dividends

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Ordinary A shares					
Final dividends in respect of the previous year, declared and paid during the year/period (tax inclusive)	369,009	369,009	507,279	–	–
	369,009	369,009	507,279	–	–

During the years ended December 31, 2023, 2024 and 2025, the dividends of RMB0.9, RMB0.9 and RMB0.9 per share (tax inclusive) in respect of the years ended December 31, 2022, 2023 and 2024, respectively, were approved by the respective Annual General Meetings of the Company.

On April 21, 2026, the final dividend of RMB6.53 per 10 shares (tax inclusive) in respect of the year ended December 31, 2025 were approved by the Annual General Meeting of the Company totaled to RMB502,948,000, and was fully paid subsequently.

(ii) Capitalization issues

On May 26, 2025, with the approval from Annual General Meeting of the Company, the Company issued shares of four new shares for each ten shares in aggregate of 225,457,000 ordinary shares out from capital reserve.

(c) Share capital

Issued share capital of the Company

	No. of shares in thousand	RMB'000
Ordinary shares, issued and fully paid:		
At January 1, 2023 and December 31, 2023	410,010	410,010
Acquisition of subsidiaries through issuing of new shares *(note)*	105,616	105,616
At December 31, 2024 and January 1, 2025	515,626	515,626
Non-public issuance of A shares *(note)*	48,018	48,018
Capitalization issues *(note 28(b))*	225,457	225,457
At December 31, 2025, January 1, 2026 and March 31, 2026	789,101	789,101

Note: As described in Note 15, the Company acquired Renhe Group through issuing 105,615,853 ordinary shares in November 2024, which followed by a non-public offering of 48,017,606 ordinary shares in January 2025.

(d) Nature and purposes of reserves

(i) Capital reserve

The capital reserve comprises the following:

– *Share premium*

As at December 31, 2023 and 2024 and 2025 and March 31, 2026, the share premium comprises capital contribution from shareholders of the Company in excess of the par value of shares.

As described in Note 28(b)(ii), in May 2025, the Company issued shares out from capital reserve of RMB225,457,000.

As described in Note 15, the Company acquired Renhe Group through issuing 105,615,853 ordinary shares in November 2024, the difference between the fair value of the shares issued of RMB1,537,767,000 and the par value of shares issued of RMB105,616,000 was credited in capital reserve; which followed by a non-public offering of 48,017,606 ordinary shares in January 2025, the difference between the net proceeds received of RMB744,440,000 from shareholders of the Company and par value of shares issued was credited in capital reserve.

– *Share-based payments reserve*

The share-based payments reserve represents the portion of the grant date fair value of restricted share units granted to the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(r)(ii).

(ii) Statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilized in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, appropriation to statutory surplus reserves made by the Company's PRC subsidiaries amounting to RMB56,915,000, RMB95,658,000 and RMB63,704,000 and nil, respectively, and were included in the consolidated retained profits attributable to equity shareholders of the Company and NCI.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the Chinese mainland which are dealt with in accordance with the accounting policies set out in Note 2(v).

(iv) Treasury shares

During the year ended December 31, 2025 and the three months ended March 31, 2026, the Company repurchased its own shares on the Shenzhen Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregated price paid
		RMB	*RMB*	*RMB'000*
August 2025	3,603,180	14.29	13.86	51,000
February 2026	7,442,351	16.10	13.86	118,267
March 2026	7,843,780	17.38	13.86	130,739

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

(a) Credit risk

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

The Group's exposure to credit risk arising from entrusted loan is considered to be low given full and unconditional guaranteed from state-owned entities with high-credit-quality and diligent repayment track record.

The management of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at December 31, 2023, 2024 and 2025 and March 31, 2026 mainly are deposits and no significant actual losses were experienced historically by the Group.

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

The Group has concentration of credit risk for trade receivables and contract assets. As at December 31, 2023, 2024 and 2025 and March 31, 2026, gross carrying amount of trade receivables and gross carrying amounts of contract assets of the Group amounted to RMB839,704,000, RMB1,886,016,000, RMB1,847,893,000 and RMB1,985,752,000, respectively, of which 99.83%, 96.72%, 93.45% and 92.98% were due from the five largest customers in aggregate of the Group respectively.

For trade receivables and contract assets, to which the Group applies the simplified approach for impairment, information is disclosed in Notes 19 and 22 to the Historical Financial Information.

(b) Liquidity risk

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

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

	As at December 31, 2023					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	352,317	–	–	–	352,317	352,317
Bank loans and other borrowings	569,977	454,097	1,205,742	736,986	2,966,802	2,646,255
Lease liabilities	1,371	1,247	2,666	8,431	13,715	10,170
	923,665	455,344	1,208,408	745,417	3,332,834	3,008,742

	As at December 31, 2024					
	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	Total	Carrying amount at December 31, 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	1,173,731	25,000	1,500	–	1,200,231	1,200,231
Bank loans and other borrowings	559,185	573,919	1,187,897	871,326	3,192,327	2,886,107
Lease liabilities	1,292	812	1,883	8,246	12,233	8,197
	1,734,208	599,731	1,191,280	879,572	4,404,791	4,094,535

	As at December 31, 2025					
	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	Total	Carrying amount at December 31, 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	517,698	22,608	1,500	–	541,806	541,806
Bank loans and other borrowings	578,434	520,344	1,163,524	1,068,888	3,331,190	3,008,656
Lease liabilities	756	645	1,963	7,155	10,519	7,700
	1,096,888	543,597	1,166,987	1,076,043	3,883,515	3,558,162

	As at March 31, 2026					
	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	Total	Carrying amount at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	437,497	18,128	–	–	455,625	455,625
Bank loans and other borrowings	563,196	803,770	1,102,527	1,109,589	3,579,082	3,247,491
Lease liabilities	756	733	1,963	7,155	10,607	7,796
	1,001,449	822,631	1,104,490	1,116,744	4,045,314	3,710,912

(c) Interest rate risk

The Group's interest rate risk exposure arises primarily from lease liabilities, short-term and long-term loans and borrowings. These borrowings bearing interest at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	As at December 31,						As at March 31,	
	2023		2024		2025		2026	
	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Fixed rate borrowings:								
Other borrowings	N/A	–	0.65%	28,711	0.65%-1.80%	116,881	0.65%-1.80%	296,012
Lease liabilities	4.20%-18.00%	10,170	3.85%-18.00%	8,197	3.85%-18.00%	7,700	3.85%-18.00%	7,797
		10,170		36,908		124,581		303,809
Floating rate borrowings:								
Bank loans	3.20%-3.95%	2,646,255	2.45%-3.65%	2,857,396	2.35%-3.65%	2,891,775	2.35%-2.75%	2,951,478
Total borrowings		2,656,425		2,894,304		3,016,356		3,255,287
Fixed rate borrowings as a percentage of total borrowings		0.38%		1.26%		4.13%		9.33%

(ii) Sensitivity analysis

As at December 31, 2023, 2024 and 2025 and March 31, 2026, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB2,488,000, RMB2,441,000, RMB2,485,000 and RMB649,000, respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments may held by the Group at the end of each reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis during the years ended December 31, 2023, 2024, and 2025 and the three months ended March 31, 2026.

In respect of the exposure to cash flow interest rate risk arising from other floating rate non-derivative financial instruments held by the Group, such as cash and cash equivalents, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group is exposed to currency risk primarily from cash and cash equivalents, other receivables and bank loan that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group's currency risk mainly arises from transactions denominated in United States Dollars ("USD"), Euro ("EUR"), JPY as well as RMB as to the subsidiaries with functional currencies other than RMB.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the period end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)											
	As at December 31, 2023	As at December 31, 2024				As at December 31, 2025				As at March 31, 2026		
	EUR	EUR	JPY	USD	RMB	EUR	JPY	USD	RMB	JPY	USD	RMB
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	–	–	–	–	–	–	–	157	–	–	66	–
Cash and cash equivalents	–	–	–	15,622	13,398	–	–	13,453	41,461	–	11,678	30,561
Trade and other payables	(10,098)	(9,669)	–	–	(3,668)	(3,052)	–	(1,147)	(142,817)	–	(372)	(122,990)
Bank loans and other borrowings	–	–	(28,711)	–	–	–	(27,214)	–	(340,260)	(26,345)	–	(390,298)
Exposure arising from recognised (liabilities)/assets	(10,098)	(9,669)	(28,711)	15,622	9,730	(3,052)	(27,214)	12,463	(441,616)	(26,345)	11,372	(482,727)

(ii) Sensitivity analysis

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

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025		As at March 31, 2026	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
EUR	2%	(202)	2%	(169)	2%	(53)	2%	–
EUR	(2)%	202	(2)%	169	(2)%	53	(2)%	–
JPY	5%	–	5%	(1,220)	5%	(1,157)	5%	(280)
JPY	(5)%	–	(5)%	1,220	(5)%	1,157	(5)%	280
USD	2%	–	2%	281	2%	224	2%	51
USD	(2)%	–	(2)%	(281)	(2)%	(224)	(2)%	(51)
RMB	2%	–	2%	175	2%	(7,949)	2%	(2,172)
RMB	(2)%	–	(2)%	(175)	(2)%	7,949	(2)%	2,172

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

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

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting date:

	Fair value at December 31,	Fair value measurements as at December 31, 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	814,065	–	814,065	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at December 31,	Fair value measurements as at December 31, 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	547,269	–	547,269	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at December 31,	Fair value measurements as at December 31, 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	1,377,480	–	1,377,480	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

	Fair value at March 31,	Fair value measurements as at March 31, 2026 categorised into		
	2026	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
– Structured deposits	1,502,424	–	1,502,424	–
Financial assets at FVOCI:				
– Investment in unlisted equity	300	–	–	300

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by the net asset value of the products published by the issuing banks on the balance sheet date.

Information about Level 3 fair value measurement

Below is the valuation technique and significant unobservable input to the valuation of investment in unlisted equity at December 31, 2023, 2024 and 2025 and March 31, 2026.

	Valuation technique	Significant Unobservable input
Investment in unlisted equity	Market approach	Price book value ratio

As at December 31, 2023, 2024 and 2025 and March 31, 2026, it is estimated that the volatility on significant unobservable inputs used in the fair value measurement would not have material impact on fair value of investment in unlisted equity.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost approximate their fair values at the end of each reporting period.

30 COMMITMENTS

Commitments outstanding at December 31, 2023, 2024 and 2025 and March 31, 2026 not provided for in the financial statements were as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital commitments outstanding in connection with the Group's construction contracts:				
Authorized and contracted	975,457	731,229	169,075	122,139
Authorized but not contracted	–	510,846	3,635,219	3,617,883
	975,457	1,242,075	3,804,294	3,740,022

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

For the Track Record Period, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Junxin Group	Controlling shareholder of the Company
Dai Daoguo	The ultimate controlling shareholder
Dai Juying	Close family member of the ultimate controlling shareholder
He Yingpin	The director of the Company
Cao Weiling	Close family member of He Yingpin
永清環保股份有限公司 (Yonker Environmental Protection Co., Ltd. "Yonker Environmental Protection")	Entity with significant influence over the Group's material subsidiary
上海浦東環保能源發展有限公司 (Shanghai Pudong Environmental Protection Energy Development Co., Ltd., "Pudong Environmental Protection")	Entity with significant influence over the Group's material subsidiaries
瀏陽市文化旅遊產業發展有限責任公司 (Liuyang Cultural Tourism Industry Development Co., Ltd., "Liuyang Tourism")	Entity with significant influence over the Group's subsidiary
瀏陽市城鄉發展集團有限責任公司 (Liuyang Urban and Rural Development Group Co., Ltd., "Liuyang Urban Rural")	Entity with significant influence over the Group's subsidiary
紐威科技(長沙)有限公司 (Neway Technology (Changsha) Co., Ltd., "Neway Technology")	Entity controlled by the close family member of the ultimate controlling shareholder
湖南聯合思源環保新能源有限公司 Hunan United Siyuan Environmental Protection New Energy Co., Ltd. "United Siyuan Environmental Protection"	Associate of the Group

Note: the official names of above related parties are in Chinese, the translation of the names in English is for identification only.

(b) Key management personnel remuneration

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

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	25,290	19,729	24,150	6,212	3,814
Contributions to defined contribution retirement plan	390	212	184	51	40
Equity-settled share-based payment expenses	3,130	1,738	642	228	–
	28,810	21,679	24,976	6,491	3,854

(c) Other related parties transactions

During the Track Record Period, the Group entered into the following related party transactions:

	Years ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase of materials from related parties					
– Liuyang Tourism	230	–	–	–	–
– Liuyang Urban Rural	1,045	–	–	–	–
Leases to related parties					
– Neway Technology	25	–	–	–	–

(d) Balance with related party

	As at December 31,		As at March 31,
	2024	2025	2026
	Net amount	Net amount	Net amount
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– United Siyuan Environmental Protection	6,139	3,583	–

As at December 31, 2024 and 2025, amounts due from United Siyuan Environmental Protection are non-trade in nature, repayable on demand, unsecured and with an interest rate of 4.35% per annum. These receivables are not considered individually impaired, and the ECL assessment in respect of these receivables is performed based on the ageing of the receivables.

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
– United Siyuan Environmental Protection	1,500	1,500	–

As at end of each reporting period, amounts due to United Siyuan Environmental Protection are unpaid investment consideration, which is interest free.

(e) Guarantee provided by related parties

As at December 31, 2023, 2024 and 2025 and March 31, 2026, certain bank loans and other borrowings were guaranteed by the related parties of the Group. As at the end of each reporting period, the maximum exposures to those related parties are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Junxin Group	929,831	653,519	–	–
Pudong Environmental Protection	189,191	149,746	129,869	129,729
Yonker Environmental Protection	62,750	40,922	39,038	38,916
Dai Daoguo	670,276	620,754	–	–
He Yingpin	670,276	620,754	–	–

The directors of the Company have confirmed that the guarantee provided by Pudong Environmental Protection and Yonker Environmental Protection will not be released until respective expiration.

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Proposal of Final Dividends

On April 21, 2026, a resolution on 2025 final dividend was approved in Annual General Meeting, which included a final dividend of RMB6.53 per ten share totaled to RMB502,948,000, which was fully paid subsequently.

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding party of the Company as at December 31, 2023, 2024 and 2025 and March 31, 2026 was Junxin Group.

The ultimate controlling party of the Company was Mr. Dai Daoguo, Ms. Li Xiaochun, Junxin Group and Daoxin Investment.

34 PRE-ACQUISITION FINANCIAL INFORMATION OF THE RENHE GROUP

The pre-acquisition financial information of the Renhe Group for the year ended December 31, 2023 and the eleven months ended November 30, 2024 (completion date of the acquisition, "Pre-acquisition Period") is provided below. The accounting policies adopted in the preparation of the pre-acquisition financial information are consistent with those adopted in the preparation of the Historical Financial Information of the Group, which are set out in Note 2.

(a) Consolidated statements of profit or loss and other comprehensive income of Renhe Group

	Notes	Years ended December 31,	Eleven months ended November 30,
		2023	2024
		RMB'000	*RMB'000*
Revenue	*(1)*	**1,026,651**	**973,837**
Direct costs and operating expenses		(311,306)	(280,177)
Gross profit		**715,345**	**693,660**
Other revenue	*(2)*	22,900	21,256
Other net (loss)/income	*(3)(i)*	(60)	684
Administrative and selling expenses		(109,196)	(77,369)
Research and development expenses		(33,058)	(31,593)
Impairment losses under ECL model, net of reversal		(9,889)	(19,894)
Profit from operations		**586,042**	**586,744**
Finance costs	*(3)(ii)*	(8,079)	(5,937)
Share of profits of an associate		195	135
Profit before taxation	*(3)*	**578,158**	**580,942**
Income tax	*(4)(i)*	(81,210)	(81,210)
Profit and other comprehensive income for the year/period		**496,948**	**499,732**

(b) Consolidated statements of financial position of Renhe Group

	Notes	As at 31 December 2023	As at November 30, 2024
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*(6)*	563,851	491,544
Right-of-use assets	*(6)*	81,294	79,346
Investment properties	*(6)*	3,699	3,218
Intangible assets	*(7)*	153,311	140,718
Goodwill		23,896	23,896
Investment in an associate		1,999	2,135
Prepayments	*(10)*	337	1,149
Deferred tax assets		6,351	9,361
		834,738	751,367
Current assets			
Inventories	*(9)*	3,081	2,940
Financial assets at FVPL		–	150,163
Prepayments, trade and other receivables	*(10)*	574,857	844,970
Restricted cash		2	2
Cash and cash equivalents	*(11)*	356,841	489,133
		934,781	1,487,208
Current liabilities			
Bank loans and other borrowings	*(12)*	46,402	42,101
Trade and other payables	*(13)*	127,402	119,906
Contract liabilities		1,978	3,585
Income tax payable		23,043	17,413
		198,825	183,005
Net current assets		735,956	1,304,203
Total assets less current liabilities		1,570,694	2,055,570
Non-current liabilities			
Other payables	*(13)*	1,500	1,500
Deferred income		2,280	1,845
Bank loans and other borrowings	*(12)*	112,662	112,020
Provisions		32,866	15,241
		149,308	130,606
NET ASSETS		1,421,386	1,924,964
CAPITAL AND RESERVES			
Share capital/paid-in capital	*(15)*	422,300	422,300
Reserves		999,086	1,502,664
TOTAL EQUITY		1,421,386	1,924,964

(c) Statements of financial position of Renhe Environment Technology

	Notes	As at 31 December 2023	As at November 30, 2024
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*(6)*	178,331	155,088
Right-of-use assets	*(6)*	31,953	30,899
Intangible assets		3,745	3,317
Goodwill		23,896	23,896
Investments in subsidiaries	*(8)*	541,051	541,051
Investment in an associate		1,999	2,135
Prepayments	*(10)*	186	–
Deferred tax assets		4,691	5,883
		785,852	762,269
Current assets			
Inventories		1,083	852
Financial assets at FVPL		–	50,054
Prepayments, trade and other receivables	*(10)*	265,927	537,536
Cash and cash equivalents	*(11)*	155,080	192,060
		422,090	780,502
Current liabilities			
Bank loans and other borrowings	*(12)*	28,029	20,014
Trade and other payables	*(13)*	96,041	94,271
Contract liabilities		1,978	3,585
Lease liabilities		302	11
Income tax payable		9,327	5,612
		135,677	123,493
Net current assets		286,413	657,009
Total assets less current liabilities		1,072,265	1,419,278
Non-current liabilities			
Other payables	*(13)*	1,500	1,500
Deferred income		2,280	1,845
Bank loans and other borrowings	*(12)*	16,015	–
Lease liabilities		317	332
		20,112	3,677
NET ASSETS		1,052,153	1,415,601
CAPITAL AND RESERVES	*(15)*		
Share capital/paid-in capital		422,300	422,300
Reserves		629,853	993,301
TOTAL EQUITY		1,052,153	1,415,601

(d) Consolidated statements of changes in equity of Renhe Group

	Notes	Share capital/ paid-in capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		422,300	171,402	107,672	608,661	1,310,035
Profit and total comprehensive income for the year		–	–	–	496,948	496,948
Appropriation to statutory reserve		–	–	42,586	(42,586)	–
Equity-settled share-based transactions	*(14)*	–	14,403	–	–	14,403
Dividends approved and paid	*(15)(iii)*	–	–	–	(400,000)	(400,000)
Balance at December 31, 2023 and January 1, 2024		422,300	185,805	150,258	663,023	1,421,386
Profit and total comprehensive income for the period		–	–	–	499,732	499,732
Equity-settled share-based transactions	*(14)*	–	3,846	–	–	3,846
Balance at November 30, 2024		422,300	189,651	150,258	1,162,755	1,924,964

(e) Consolidated cash flow statements

	Notes	Years ended December 31, 2023	Eleven months ended November 30, 2024
		RMB'000	*RMB'000*
Operating activities			
Cash generated from operations	*(11)*	506,245	409,012
Income tax paid		(80,347)	(89,850)
Net cash generated from operating activities		**425,898**	**319,162**
Investing activities			
Proceeds from disposal of property, plant and equipment		2,133	566
Receipt of supplier deposits for construction projects		1,530	–
Recovery of amounts due from related parties		3,340	–
Payment for acquisition of financial assets at FVPL		–	(150,000)
Payment for the purchase of property, plant and equipment and construction of service concession projects		(75,874)	(29,082)
Repayment of supplier deposits for construction projects		(1,360)	–
Net cash used in investing activities		**(70,231)**	**(178,516)**

	Notes	Years ended December 31, 2023	Eleven months ended November 30, 2024
		RMB'000	*RMB'000*
Financing activities			
Payment of capital element of lease liabilities	*(11)(iii)*	–	–
Payment of interest element of lease liabilities	*(11)(iii)*	–	–
Contribution from a shareholder		–	–
Proceeds from bank loans and other borrowings	*(11)(iii)*	40,000	30,000
Repayment of bank loans and other borrowings	*(11)(iii)*	(55,597)	(33,567)
Interest of bank loans and other borrowings paid	*(11)(iii)*	(7,240)	(6,387)
Dividends paid to equity shareholders of Renhe Environment Technology		(400,000)	–
Net cash used in financing activities		**(422,837)**	**(9,954)**
Net (decrease)/increase in cash and cash equivalents		**(67,170)**	**130,692**
Cash and cash equivalents at the beginning of the year/period	*(11)(i)*	**422,554**	**356,841**
Effect of foreign exchange rate changes	*(3)(i)*	**1,457**	**1,600**
Cash and cash equivalents at the end of the year/period	*(11)(i)*	**356,841**	**489,133**

Notes:

(1) Revenue

Revenue represents the revenue from electricity sales, waste treatment services, construction services, food waste collection, household waste interim treatment and transfer services and sales of industrial-grade mixed oil.

(i) Disaggregation of revenue

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:		
Revenue from sales of electricity	3,131	4,117
Revenue from sales of industrial-grade mixed oil	170,893	163,788
Revenue from waste treatment services	154,470	142,092
– Sewage	13,231	9,136
– Food waste	141,239	132,956
Revenue from construction services	45	–
Revenue from household waste interim treatment and transfer	628,509	601,800
Revenue from food waste collection	63,819	59,278
Others	1,347	769
	1,022,214	971,844
Revenue from others:		
Rentals income	4,437	1,993
Total	1,026,651	973,837

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

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Point in time	1,022,169	971,844
Over time	45	–
	1,022,214	971,844

As substantially all of the Renhe Group's operations and assets are in the PRC during the Pre-acquisition Period, no geographic information is presented.

Revenue from each of the major customers Pre-acquisition Period, with whom transactions contributed to 10% or more of Renhe Group's revenue, is set out below:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Customer A	735,128	704,735
Customer E	N/A *(note)*	116,863

Note: The corresponding revenue did not contribute over 10% of the total revenue of Renhe Group.

(2) Other revenue

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Interest income on bank deposits	4,947	4,318
Interest income on loans to a related party	508	412
Interest income on loans to a third party	–	–
VAT super deduction and refund	13,903	14,137
Other government grants	3,067	1,954
Others	475	435
	22,900	21,256

(3) Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(i) Other net loss/(income)

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Net loss/(gain) on disposal of property, plant and equipment	442	(3)
Net fair value changes on financial assets at FVPL	–	(163)
External donations	1,050	1,085
Foreign exchange gain	(1,457)	(1,600)
Others	25	(3)
	60	(684)

(ii) Finance costs

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings *(note (11)(iii))*	5,766	5,011
Unwinding of discount on provisions	2,313	926
	8,079	5,937

(iii) Staff costs

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	130,792	123,438
Share-based payment expenses	14,403	3,846
Contributions to defined contribution retirement plan	8,952	7,982
	154,147	135,266

(iv) Other items

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Amortization cost of intangible assets *(note (7))*	9,797	9,716
Depreciation charge *(note (6))*		
– owned property, plant and equipment	83,140	76,983
– investment properties	525	481
– right-of-use assets	1,653	1,948
	85,318	79,412
Auditors' remuneration	894	170
Cost of inventories	14,761	14,434
Research and development expenses *(note)*	33,058	31,593

Note: For the year ended December 31, 2023 and the eleven months ended November 30, 2024, research and development expenses include RMB31,509,000 and RMB30,904,000, respectively, relating to cost of inventories, staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in Notes 34(3)(iii) and (iv) for each of these types of expenses.

(4) Income tax

(i) Income tax in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Current tax – PRC corporate income tax		
Provision for the year/period	83,242	84,220
Deferred tax		
Origination and reversal of temporary differences	(2,032)	(3,010)
	81,210	81,210

(ii) Reconciliation between tax expense and accounting profit at applicable tax rate:

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Profit before taxation	578,158	580,942
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned *(note (i))*	144,540	145,236
Effect of different tax rates applicable to entities comprising the Renhe Group *(note (ii))*	(56,613)	(57,480)
Tax effect of non-deductible expenses	717	586
Tax effect of non-taxable income *(note (iii))*	(2,765)	(2,620)
Tax effect of deductible temporary differences unrecognized	227	192
Tax effect of additional deduction for qualified research and development expenses *(note (iv))*	(4,896)	(4,704)
Actual tax expense	81,210	81,210

Notes:

(i) Taxable income for the Renhe Group's subsidiaries in the PRC is subject to PRC income tax rate of 25% for the years ended December 31, 2023 and eleven months ended November 30, 2024, unless otherwise specified.

(ii) According to the Enterprise Income Tax Law of the PRC and its relevant regulations, Renhe Environment Technology and Renhe Environment Protection that qualified as high-tech enterprise under the law are entitled to a preferential income tax rate of 15%. Renhe Environment Technology was qualified as a high-technology enterprises and was subject to a preferential income tax rate of 15% from 2022 to 2024, the management of the Group are of the opinion Renhe Environment Technology will be able to renew its qualification and continue to be subject the preferential tax for the year ended December 31, 2025. Renhe Environment Protection were qualified as a high-technology enterprises and were subject to a preferential income tax rate of 15% from 2024 to 2026.

(iii) The revenue from sales of electricity generated by biogas and sales of industrial-grade mixed oil were within the Catalog of Tax Incentives for Enterprises Engaged in Comprehensive Resource Utilization (2021 Edition) and were subject to 10% deduction in revenue when calculating income tax.

(iv) Under the Enterprise Income Tax Law of the PRC and its relevant regulations, a 100% additional tax deduction from October 1, 2022 onwards.

(5) Directors and supervisors' emoluments

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Directors and supervisors' fees	–	–
Salaries, allowances and benefits in kind	14,646	12,997
Share-based payment expenses	12,436	3,321
Discretionary bonuses	–	–
Retirement scheme contribution	233	231
	27,315	16,549

(6) Property, plant and equipment, right-of-use assets and investment properties

Renhe Group

	Buildings	Plant, machinery and equipment	Motor vehicles, electronic equipment and others	Leasehold improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:											
At January 1, 2023	372,964	274,984	156,486	142,304	25,725	972,463	91,727	875	92,602	11,042	1,076,107
Additions	695	1,749	21,472	–	16,341	40,257	6,321	–	6,321	–	46,578
Transfer from construction in progress	177	19,106	405	1,725	(21,413)	–	–	–	–	–	–
Disposals	–	(2,824)	(17,350)	–	–	(20,174)	–	–	–	–	(20,174)
At December 31, 2023 and January 1, 2024	373,836	293,015	161,013	144,029	20,653	992,546	98,048	875	98,923	11,042	1,102,511
Additions	–	977	2,465	9	1,789	5,240	–	–	–	–	5,240
Transfer from construction in progress	396	10,021	242	228	(10,887)	–	–	–	–	–	–
Disposals	–	(1,100)	(1,354)	–	–	(2,454)	–	–	–	–	(2,454)
At November 30, 2024	374,232	302,913	162,366	144,266	11,555	995,332	98,048	875	98,923	11,042	1,105,297
Accumulated depreciation:											
At January 1, 2023	(151,080)	(91,517)	(103,502)	(17,190)	–	(363,289)	(15,101)	(875)	(15,976)	(6,818)	(386,083)
Charge for the year	(22,105)	(26,194)	(17,503)	(17,338)	–	(83,140)	(1,653)	–	(1,653)	(525)	(85,318)
Written back on disposals	–	1,288	16,446	–	–	17,734	–	–	–	–	17,734
At December 31, 2023 and January 1, 2024	(173,185)	(116,423)	(104,559)	(34,528)	–	(428,695)	(16,754)	(875)	(17,629)	(7,343)	(453,667)
Charge for the period	(19,781)	(25,438)	(15,754)	(16,010)	–	(76,983)	(1,948)	–	(1,948)	(481)	(79,412)
Written back on disposals	–	617	1,273	–	–	1,890	–	–	–	–	1,890

	Buildings	Plant, machinery and equipment	Motor vehicles, electronic equipment and others	Leasehold improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Buildings – Right-of-use assets	Sub-total	Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At November 30, 2024	(192,966)	(141,244)	(119,040)	(50,538)	–	(503,788)	(18,702)	(875)	(19,577)	(7,824)	(531,189)
Net book value:											
At November 30, 2024	181,266	161,669	43,326	93,728	11,555	491,544	79,346	–	79,346	3,218	574,108
At December 31, 2023	200,651	176,592	56,454	109,501	20,653	563,851	81,294	–	81,294	3,699	648,844

Renhe Environment Technology

	Buildings	Plant, machinery and equipment	Motor vehicles, electronic equipment and others	Leasehold improvement	Construction in progress	Sub-total	Leasehold lands – Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At January 1, 2023	100,087	160,951	41,245	8,144	14,274	324,701	28,989	353,690
Additions	–	1,155	12,912	–	16,388	30,455	6,321	36,776
Transfer from construction in progress	–	16,930	406	344	(17,680)	–	–	–
Disposals	–	(906)	(10,133)	–	–	(11,039)	–	(11,039)
At December 31, 2023 and January 1, 2024	100,087	178,130	44,430	8,488	12,982	344,117	35,310	379,427
Additions	–	602	2,104	–	909	3,615	–	3,615
Transfer from construction in progress	396	10,021	242	228	(10,887)	–	–	–
Disposals	–	(516)	(844)	–	–	(1,360)	–	(1,360)
At November 30, 2024	100,483	188,237	45,932	8,716	3,004	346,372	35,310	381,682
Accumulated depreciation:								
At January 1, 2023	(59,756)	(58,446)	(27,816)	(1,447)	–	(147,465)	(2,678)	(150,143)
Charge for the year	(5,730)	(16,045)	(5,754)	(624)	–	(28,153)	(679)	(28,832)
Written back on disposals	–	242	9,590	–	–	9,832	–	9,832
At December 31, 2023 and January 1, 2024	(65,486)	(74,249)	(23,980)	(2,071)	–	(165,786)	(3,357)	(169,143)
Charge for the period	(4,743)	(16,045)	(5,217)	(606)	–	(26,611)	(1,054)	(27,665)
Written back on disposals	–	324	789	–	–	1,113	–	1,113
At November 30, 2024	(70,229)	(89,970)	(28,408)	(2,677)	–	(191,284)	(4,411)	(195,695)
Net book value:								
At November 30, 2024	30,254	98,267	17,524	6,039	3,004	155,088	30,899	185,987
At December 31, 2023	34,601	103,881	20,450	6,417	12,982	178,331	31,953	210,284

(7) Intangible assets

Renhe Group

	Software	Project operating rights	Project operating rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	5,088	241,581	25,264	271,933
Additions	1,858	1,707	45	3,610
Adjustment from re-valuation of restoration cost	–	(1,893)	–	(1,893)

	Software	Project operating rights	Project operating rights under construction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	6,946	241,395	25,309	273,650
Additions	307	–	–	307
Adjustment from re-valuation of restoration cost	–	(3,184)	–	(3,184)
At November 30, 2024	7,253	238,211	25,309	270,773
Accumulated amortization:				
At January 1, 2023	(125)	(110,417)	–	(110,542)
Charge for the year	(528)	(9,269)	–	(9,797)
At December 31, 2023 and January 1, 2024	(653)	(119,686)	–	(120,339)
Charge for the period	(1,158)	(8,558)	–	(9,716)
At November 30, 2024	(1,811)	(128,244)	–	(130,055)
Net book value:				
At November 30, 2024	5,442	109,967	25,309	140,718
At December 31, 2023	6,293	121,709	25,309	153,311

(8) Investments in subsidiaries

Company name	Form of business structure	Place and date of incorporation/ establishment	Particulars of issued capital/ paid-up capital	Effective interest held by Renhe Environment Technology		Principal activities
				As at December 31, 2023	As at November 30, 2024	
Renhe Environment Protection	Company with limited liability	The PRC July 1, 2004	RMB167,200,000/ RMB167,200,000	100%	100%	Interim treatment compression, and transfer of household waste in the PRC

Company name	Place and date of incorporation/ establishment	Particulars of issued capital/ paid-up capital	Effective interest held by Renhe Environment Technology		Principal activities
			As at December 31, 2023	As at November 30, 2024	
湖南仁和環境產業有限公司* (Hunan Renhe Environment Industry Co., Ltd., "Renhe Environment Industry")	The PRC August 18, 2020	RMB70,000,000/ RMB70,000,000	100%	100%	Construction, waste treatment project operation in the PRC
長沙仁華環保科技有限公司* (Changsha Renhua Environmental Protection Technology Co., Ltd., "Renhe Environmental Protection")	The PRC March 17, 2016	RMB2,000,000/ RMB1,000,000	100%	100%	Waste collection, transfer and interim treatment services in the PRC
湖南聯合餐廚有機固廢循環利用研究院有限公司* (Hunan United Kitchen Organic Solid Waste Recycling Research Institute Co., Ltd., "United Kitchen")	The PRC December 23, 2019	RMB10,000,000/ nil	100%	100%	Construction, Leachate (effluent), waste treatment project operation in the PRC

* The English translation of the names of the entities is for reference only. The official names of these entities are in Chinese. These entities were all limited liability companies under the law of the PRC.

(9) Inventories

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

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Raw materials	2,239	2,307
Finished goods	379	257
Other materials	463	376
	3,081	2,940

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

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Carrying amount of inventories recognized as cost of sales	7,322	5,794
Carrying amount of inventories recognized as research and development expenses	7,439	8,640
	14,761	14,434

(10) Trade and other receivables

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade receivables	593,789	883,334
Less: loss allowance	(34,507)	(52,990)
	559,282	830,344
Loans to a third party	20,677	20,677
Less: loss allowance for loans to a third party	(20,677)	(20,677)
	–	–
Loans to a related party	12,485	10,936
Less: loss allowance for loans to a related party	(3,492)	(4,886)
	8,993	6,050
Prepayments	4,420	6,155
VAT recoverable	847	821
Other receivables and deposits	3,433	4,547
Less: loss allowance for other receivables	(1,781)	(1,798)
	6,919	9,725
Less: Non-current portion		
– Prepayment for purchase of property, plant and equipment	(337)	(1,149)
Current portion	574,857	844,970

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade receivables	109,401	164,956
Less: loss allowance	(5,516)	(8,332)
	103,885	156,624
Loans to a third party	20,677	20,677
Less: loss allowance for loans to a third party	(20,677)	(20,677)
	–	–
Loans to a related party	12,485	10,936
Less: loss allowance for loans to a related party	(3,492)	(4,886)
	8,993	6,050
Prepayments	2,656	3,187
VAT recoverable	11	60
Amounts due from related parties	150,131	371,095
Other receivables and deposits	592	680
Less: loss allowance for other receivables	(155)	(160)
	153,235	374,862
Less: Non-current portion		
– Prepayment for purchase of property, plant and equipment	(186)	–
Current portion	265,927	537,536

Notes:

(i) Prepayments mainly represent prepayments for fuel expense.

(ii) All of the current portion of trade and other receivables are expected to be recovered or recognized as expense within one year or are recovered on demand.

Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables of Renhe Group, based on the revenue recognition date, is as follows:

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	554,295	767,604
1 to 2 years	4,987	60,097
2 to 3 years	–	2,643
3 to 4 years	–	–
	559,282	830,344

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	102,297	153,093
1 to 2 years	1,588	3,416
2 to 3 years	–	115
	103,885	156,624

As at the end of each reporting period, the trade receivables are mainly from government authorities and state-owned entities. The expected credit loss from government authorities and state-owned entities is evaluated at each reporting date using the probability of default approach to measure expected credit losses which, except for customers with known financial difficulties or significant doubt on collection, they are assessed individually for impairment allowance. The provision rates are referenced to the credit ratings of comparables with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when Renhe Group determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The expected credit loss from non-government authorities is evaluated at each reporting date using the provision matrix approach.

Movement in the loss allowance account in respect of trade receivables during the year ended December 31, 2023 and eleven months ended November 30, 2024 is as follows:

	Years ended December 31,	As at November 30,
	2023	2024
	RMB'000	*RMB'000*
At beginning of the year/period	27,238	34,507
Loss allowance recognised	7,269	18,483
At the end of the year/period	34,507	52,990

The following table provides information about Renhe Group's exposure to credit risk and credit loss for trade receivables:

	As at December 31,			As at November,		
	2023			2024		
	Expected loss rates	Gross carring amount	Loss allowance	Expected loss rates	Gross carring amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
On individual basis						
– government agencies	6%	591,619	34,379	6%	881,324	52,792
– state electricity grid authorities	5%	1,637	82	5%	1,602	80
On customer group	9%	533	46	29%	408	118
		593,789	34,507		883,334	52,990

(11) Cash and cash equivalents and other cash flow information

(i) Cash and cash equivalents comprise:

Renhe Group

	As at December 31,	As at November 30,
	2023	2024
	RMB'000	*RMB'000*
Cash at bank and in hand, and cash equivalents	356,841	489,133

Renhe Environment Technology

	As at December 31,	As at November 30,
	2023	2024
	RMB'000	*RMB'000*
Cash at bank and in hand, and cash equivalents	155,080	192,060

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

	Notes	Years ended December 31, 2023	Eleven months ended November 30, 2024
		RMB'000	*RMB'000*
Profit before taxation		578,158	580,942
Adjustments for:			
Depreciation	*(3)(iv)*	85,318	79,412
Amortization of intangible assets	*(3)(iv)*	9,797	9,716
Impairment losses under ECL model, net of reversal		9,889	19,894
Finance costs	*(3)(ii)*	8,079	5,937
Share of profits of an associate		(195)	(135)
Share based payment expenses	*(3)(iii)*	14,403	3,846
Loss/(gain) on disposal of property plant and equipment	*(3)(i)*	442	(3)
Net fair value changes on other financial assets at FVPL	*(3)(i)*	–	(163)
Foreign exchange gain	*(3)(i)*	(1,457)	(1,600)
Changes in working capital:			
(Increase)/decrease in inventories		(192)	141
Increase in prepayments, trade and other receivables		(238,696)	(290,007)
Increase/(decrease) in trade and other payables		39,484	(575)
Increase in contract liabilities		1,215	1,607
Cash generated from operations		506,245	409,012

(iii) Reconciliation of liabilities arising from financing activities

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

	Bank loans and other borrowings
	RMB'000 *Note (12)*
At January 1, 2023	176,135
Changes from financing cash flows:	
Proceeds from bank loans and other borrowings	40,000
Repayment of bank loans and other borrowings	(55,597)
Interest of bank loans and other borrowings paid	(7,240)
Total changes from financing cash flows	(22,837)
Other changes:	
Interest expenses *(Note (3)(ii))*	5,766
Total other changes	5,766
At December 31, 2023	159,064

	Bank loans and other borrowings
	RMB'000 *Note (12)*
At January 1, 2024	159,064
Changes from financing cash flows:	
Proceeds from bank loans and other borrowings	30,000
Repayment of bank loans and other borrowings	(33,567)
Interest of bank loans and other borrowings paid	(6,387)
Total changes from financing cash flows	(9,954)

	Bank loans and other borrowings
	RMB'000
	Note (12)
Other changes:	
Interest expenses *(Note (3)(ii))*	5,011
Total other changes	5,011
At November 30, 2024	154,121

(12) Bank loans and other borrowings

Renhe Group:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Unsecured loans		
– RMB denominated *(note (i))*	24,024	20,014
– JPY denominated *(note (iii))*	32,538	30,393
Secured bank loans		
– RMB denominated *(note (ii))*	102,502	103,714
	159,064	154,121
Less: current portion of loans and borrowings	(46,402)	(42,101)
	112,662	112,020

Renhe Environment Technology:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Unsecured loans		
– RMB denominated *(note (i))*	24,024	20,014
Secured bank loans		
– RMB denominated *(note (ii))*	20,020	–
	44,044	20,014
Less: current portion of loans and borrowings	(28,029)	(20,014)
	16,015	–

Notes:

(i) As at December 31, 2023 and November 30, 2024, RMB denominated unsecured bank loans bore effective interest rates ranging from 3.1% to 4.1% per annum and will be repayable from 2023 to 2025.

(ii) As at December 31, 2023 and November 30, 2024, RMB denominated secured and pledged bank loans are secured by certain plant, property and equipment and/or pledged by concession rights and/or underlying future income or receivables, bore effective interest rates ranging from 3.1% to 4.5% per annum and will be repayable from 2023 to 2044.

(iii) As at December 31, 2023 and November 30, 2024, JPY denominated unsecured bank loans bore effective interest rates of 0.65% per annum and will be repayable from 2023 to 2047.

(iv) Certain loans were subject to the fulfillment of certain financial covenants of the Group or certain subsidiaries. As at the end of each reporting period, the Group was in compliance with these financial covenants.

The analysis of the repayment schedule of bank loans and other borrowings is as follows:

Renhe Group:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year or on demand	46,402	42,101
After 1 year but within 2 years	60,697	39,602
After 2 years but within 5 years	26,172	48,484
After 5 years	25,793	23,934
	159,064	154,121

Renhe Environment Technology:

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year or on demand	28,029	20,014
After 1 year but within 2 years	16,015	–
After 2 years but within 5 years	–	–
	44,044	20,014

(13) Trade and other payables

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade payables	75,955	71,835
Other taxes payable	861	2,280
Payroll payables	28,261	22,347
Deposits from suppliers	18,888	19,814
Acquisition consideration payable	2,000	2,000
Amount due to an associate	1,500	1,500
Others	1,437	1,630
	128,902	121,406
Less: non-current portion amount due to an associate	(1,500)	(1,500)
Current portion	127,402	119,906

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Trade payables	60,562	60,476
Other taxes payable	327	842
Payroll payables	14,004	10,726
Deposits from suppliers	18,703	19,184
Acquisition consideration payable	2,000	2,000
Amount due to an associate	1,500	1,500
Others	445	1,043
	97,541	95,771
Less: non-current portion amount due to an associate	(1,500)	(1,500)
Current portion	96,041	94,271

All of the trade and other payables are expected to be settled within one year.

As at the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

Renhe Group

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	67,944	65,666
1 to 2 years	7,030	5,088
2 to 3 years	981	1,081
	75,955	71,835

Renhe Environment Technology

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Within 1 year	54,856	55,925
1 to 2 years	5,326	4,022
2 to 3 years	380	529
	60,562	60,476

(14) Equity-settled share-based payments

Renhe Environment Technology launched the employee stock incentive scheme by platform namely Hunan Renyi Enterprise Management Partnership (Limited Partnership) (湖南仁怡企業管理合夥企業(有限合夥), "Hunan Renyi").

In December 2020 and June 2021, 10 and 2 employees of Renhe Group were granted the right to indirectly hold the equity interests of Renhe Environment Technology with 2.09% and 0.05% of then equity interests of Renhe Environment Technology upon completion capital increase (representing RMB8,800,000 and RMB200,000 registered capital of Renhe Environment Technology, respectively), at a price of RMB2.7 and RMB2.7 per RMB1 registered capital, of which the fair value was RMB5.16 and RMB10.66 per RMB1 registered capital at the date of grant, respectively, through Hunan Renyi.

In November 2021, the equity interests held by Hunan Renyi were converted into ordinary shares upon Renhe Environment Technology converted into a joint stock company.

In June 2022, 1 employee of Renhe Group was granted the right to indirectly hold 300,000 ordinary shares of Renhe Environment Technology, at a price of RMB2.7 per share, of which the fair value was RMB10.66 per share at the date of grant, through Hunan Renyi.

For the equity-settled share-based payments granted in December 2020, the fair value of equity-settled share-based payments was calculated based on the fair value of underlying equity interests as at the grant date. The grant date fair value of the underlying equity interests was determined with the assistance of an independent third party valuation firm and discounted cash flow method under the income approach was used. The discounted cash flow derived by management considered Renhe Group's future business plan, specific business and financial risks, the stage of development of Renhe Group's operations and economic and competitive elements affecting Renhe Group's business, industry and market.

For the equity-settled share-based payments granted in June 2021 and June 2022, the fair value of equity-settled share-based payments was calculated based on the fair value of underlying equity interests or ordinary shares as at the grant date. The grant date fair value of the underlying equity interests or ordinary shares was determined with the reference of equity transaction price with independent third parties.

The shares granted under this employee stock incentive scheme were vested upon the date of acquisition by the Company.

The equity-settled share-based payment expenses recognized during the year ended December 31, 2023 and eleven months ended November 30, 2024 are RMB14,403,000 and RMB3,846,000 respectively.

(15) Share capital, paid-in capital and dividends

(i) Share capital

	Years ended December 31,		Eleven months ended November 30,	
	2023		2024	
	No. of shares	*RMB'000*	*No. of shares*	*RMB'000*
At January 1,	422,300,000	422,300	422,300,000	422,300
Issue of shares	–	–	–	–
Conversion to paid-in capital *(note)*	–	–	(422,300,000)	(422,300)
At January 1, 2023, December 31, 2023, January 1, 2024 and November 30, 2024	422,300,000	422,300	–	–

Note: Renhe Environment Technology was incorporated as a company with limited liability. In November 2021, it converted into a joint stock company with limited liability, and in June 2024, it converted back to a company with limited liability.

(ii) Paid-in capital

	RMB'000
At January 1, 2023, December 31, 2023 and January 1, 2024	–
Transfer from share capital upon conversion into a company with limited liability	422,300
At November 30, 2024	422,300

(iii) Dividends

For the year ended December 31, 2023 and the eleven months ended November 30, 2024, aggregated dividends amounting to RMB400,000,000 and nil were declared and paid by Renhe Group to its then shareholders prior to the completion of the acquisition, respectively.

(16) Material related party transactions

(i) Name and relationship with related parties

Name of party	Relationship with the Group
United Siyuan Environmental Protection	*Associate of Renhe Group*

(ii) Key management personnel remuneration

Remuneration for key management personnel of Renhe Group, including amounts paid to Renhe Environment Technology's directors as disclosed in Note 34(5), is as follows.

	Years ended December 31,	Eleven months ended November 30,
	2023	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	17,333	15,050
Contributions to defined contribution retirement plan	342	338
Equity-settled share-based payment expenses	13,211	3,528
	30,886	18,916

(iii) Balance with a related party

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Other receivables		
– United Siyuan Environmental Protection	12,485	10,936

As at the end of each reporting period, amounts due from United Siyuan Environmental Protection are non-trade in nature, repayable on demand, unsecured and with an interest rate of 4.35% per annum. These receivables are not considered individually impaired, and the ECL assessment in respect of these receivables is performed based on the ageing of the receivables.

	As at December 31, 2023	As at November 30, 2024
	RMB'000	*RMB'000*
Other payables		
– United Siyuan Environmental Protection	1,500	1,500

As at end of each reporting period, amounts due to United Siyuan Environmental Protection are unpaid investment consideration, which is interest free and repayment by June 30, 2027.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the accounting period beginning on January 1, 2026 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	January 1, 2027
IFRS 20, *Regulatory assets and regulatory liabilities*	January 1, 2029
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

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

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

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

SUBSEQUENT FINANCIAL STATEMENTS

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