

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[79], received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SSI NEW MATERIAL (ZHENJIANG) CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of SSI New Material (Zhenjiang) Co., Ltd.* (鎮江貝斯特新材料股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-[79], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 and the six months ended June 30, 2026 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-[79] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (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 (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors 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. 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.

* English name is for identification purpose only.

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial positions as at December 31, 2023, 2024 and 2025 and June 30, 2026, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the IAASB 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 Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

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

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[DATE]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) and were audited by us in accordance with International Standards on Auditing issued by the IAASB (“Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	6	320,463	355,062	625,096	283,398	364,959
Cost of sales		(147,296)	(155,779)	(333,963)	(146,933)	(233,101)
Gross profit		173,167	199,283	291,133	136,465	131,858
Other income	7	11,999	5,968	11,616	4,400	6,304
Other gains and losses	8	(94)	1,998	344	1,556	(2,053)
Selling and marketing expenses		(9,254)	(10,500)	(16,812)	(9,365)	(6,474)
Administrative expenses		(27,125)	(29,464)	(47,950)	(25,788)	(24,757)
Research and development expenses	10	(37,629)	(39,441)	(45,163)	(21,138)	(20,483)
[REDACTED] expenses		–	–	(10,245)	–	(5,816)
Net impairment (losses) reversal under expected credit loss (“ECL”) model	10	(1,791)	256	(1,153)	(562)	564
Finance costs	9	(207)	(261)	(1,952)	(404)	(565)
Profit before tax	10	109,066	127,839	179,818	85,164	78,578
Income tax expenses	11	(12,910)	(15,308)	(24,510)	(10,643)	(8,977)
Profit for the year/period		96,156	112,531	155,308	74,521	69,601
Other comprehensive income (expense):						
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Fair value gain (loss) on investments in equity instruments measured at fair value through other comprehensive income (“FVTOCI”)		3,535	(6,014)	(706)	(598)	(826)
Total comprehensive income for the year/period		99,691	106,517	154,602	73,923	68,775
Profit (loss) for the year/period attributable to:						
Owners of the Company		97,321	114,090	152,462	73,409	66,022
Non-controlling interests		(1,165)	(1,559)	2,846	1,112	3,579
		<u>96,156</u>	<u>112,531</u>	<u>155,308</u>	<u>74,521</u>	<u>69,601</u>
Total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		100,856	108,076	151,756	72,811	65,196
Non-controlling interests		(1,165)	(1,559)	2,846	1,112	3,579
		<u>99,691</u>	<u>106,517</u>	<u>154,602</u>	<u>73,923</u>	<u>68,775</u>
Earnings per share	14					
– Basic (RMB)		0.28	0.33	0.44	0.21	0.18
– Diluted (RMB)		0.28	0.33	0.44	0.21	0.18

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	15	70,446	100,404	102,292	105,847
Right-of-use assets	16	15,495	19,323	15,505	15,392
Intangible assets	17	150,883	131,113	100,757	86,818
Goodwill	18	–	944	944	9,755
Equity instruments at FVTOCI	23	10,973	3,898	3,067	2,096
Investment in an associate measured at fair value through profit or loss (“FVTPL”)	23A	–	–	–	30,000
Financial assets at FVTPL	24	–	–	–	630
Deferred tax assets	19	812	3,914	3,092	1,903
Prepayment for acquisition of property, plant and equipment		94	4,940	2,419	8,293
Prepaid expenses		4,339	5,225	2,358	943
Other receivables	21	17	660	1,119	1,333
		253,059	270,421	231,553	263,010
Current assets					
Inventories	20	27,198	40,552	58,099	61,335
Trade, bills and other receivables	21	171,028	206,553	270,260	239,769
Receivables at FVTOCI	22	39,362	73,737	79,870	115,031
Financial assets at FVTPL	24	–	238,514	86,290	86,636
Derivative financial instruments		–	11	32	762
Value-added tax (“VAT”) recoverable		1,845	2,160	2,377	3,165
Restricted bank deposits	25	–	30	–	–
Time deposits with original maturity over three months	25	–	23,154	–	–
Cash and cash equivalents	25	266,262	104,906	182,673	131,079
		505,695	689,617	679,601	637,777
Current liabilities					
Trade, bills and other payables	26	94,340	148,806	208,060	131,153
Contract liabilities	27	3,133	3,817	5,197	2,396
Derivative financial instruments		327	–	–	–
Borrowings	28	1,000	43,925	69,036	60,220
Lease liabilities	29	1,642	4,867	4,055	4,003
Deferred income	30	362	362	362	362
Tax payable		8,114	6,569	5,992	1,842
		108,918	208,346	292,702	199,976
Net current assets		396,777	481,271	386,899	437,801
Total assets less current liabilities		649,836	751,692	618,452	700,811

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		As at December 31,			As at June 30,
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Other payables	26	18,000	18,000	—	4,420
Borrowings	28	—	701	—	—
Lease liabilities	29	3,954	5,320	2,179	2,404
Deferred income	30	2,740	2,378	2,016	1,836
Deferred tax liabilities	19	2	1,098	641	733
		<u>24,696</u>	<u>27,497</u>	<u>4,836</u>	<u>9,393</u>
Net assets		<u>625,140</u>	<u>724,195</u>	<u>613,616</u>	<u>691,418</u>
Capital and reserves					
Share capital	31	34,559	34,559	35,999	35,999
Treasury shares		(25,000)	(25,000)	(4,500)	(4,500)
Share premium		442,314	442,314	488,983	488,983
Reserves		<u>172,095</u>	<u>243,653</u>	<u>65,958</u>	<u>135,194</u>
Equity attributable to owners of the					
Company		623,968	695,526	586,440	655,676
Non-controlling interests		<u>1,172</u>	<u>28,669</u>	<u>27,176</u>	<u>35,742</u>
Total equity		<u>625,140</u>	<u>724,195</u>	<u>613,616</u>	<u>691,418</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	15	60,961	59,248	58,482	56,211
Right-of-use assets	16	10,517	12,376	11,226	10,837
Intangible assets	17	150,883	122,462	93,808	79,481
Investments in subsidiaries	40	34,659	86,219	97,719	114,749
Equity instruments at FVTOCI	23	10,973	3,898	3,067	2,096
Investment in an associate measured at FVTPL	23A	—	—	—	30,000
Financial assets at FVTPL	24	—	—	—	630
Deferred tax assets	19	740	1,532	2,058	1,474
Prepayment for acquisition of property, plant and equipment		55	690	197	541
Prepaid expenses		4,302	5,189	2,358	943
Other receivables	21	1	150	153	156
		<u>273,091</u>	<u>291,764</u>	<u>269,068</u>	<u>297,118</u>
Current assets					
Inventories	20	21,454	26,614	37,251	24,925
Trade, bills and other receivables	21	169,426	156,779	194,899	188,407
Receivables at FVTOCI	22	35,945	58,871	65,460	102,712
Financial assets at FVTPL	24	—	211,082	51,489	69,274
Derivative financial instruments		—	11	32	762
Value-added tax recoverable		—	—	32	16
Restricted bank deposits	25	—	30	—	—
Time deposits with original maturity over three months	25	—	23,154	—	—
Cash and cash equivalents	25	250,440	65,235	163,022	97,830
		<u>477,265</u>	<u>541,776</u>	<u>512,185</u>	<u>483,926</u>
Current liabilities					
Trade, bills and other payables	26	98,834	113,580	168,479	111,250
Contract liabilities	27	3,133	3,654	4,885	1,883
Derivative financial instruments		327	—	—	—
Borrowings	28	1,000	—	20,000	20,000
Lease liabilities	29	629	853	908	969
Deferred income	30	362	362	362	362
Tax payable		8,111	6,562	5,988	1,491
		<u>112,396</u>	<u>125,011</u>	<u>200,622</u>	<u>135,955</u>
Net current assets		<u>364,869</u>	<u>416,765</u>	<u>311,563</u>	<u>347,971</u>
Total assets less current liabilities . . .		<u>637,960</u>	<u>708,529</u>	<u>580,631</u>	<u>645,089</u>
Non-current liabilities					
Other payables	26	18,000	18,000	—	4,420
Lease liabilities	29	106	1,497	589	279
Deferred income	30	2,740	2,378	2,016	1,836
		<u>20,846</u>	<u>21,875</u>	<u>2,605</u>	<u>6,535</u>
Net assets		<u>617,114</u>	<u>686,654</u>	<u>578,026</u>	<u>638,554</u>
Capital and reserves					
Share capital	31	34,559	34,559	35,999	35,999
Treasury shares		(25,000)	(25,000)	—	—
Share premium		442,314	442,314	491,874	491,874
Reserves	40	165,241	234,781	50,153	110,681
Total equity		<u>617,114</u>	<u>686,654</u>	<u>578,026</u>	<u>638,554</u>

Attributable to owners of the Company

	Share capital	Share premium	Treasury shares (Note 4)	Statutory surplus reserve	Share-based payment reserve	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	RMB	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	34,559	442,314	(25,000)	6,965	7,503	(3,565)	91,764	554,540	(63)	554,477
Profit (loss) for the year	-	-	-	-	-	-	97,321	97,321	(1,165)	96,156
Other comprehensive income for the year	-	-	-	-	-	3,535	-	3,535	-	3,535
Total comprehensive income (expense) for the year	-	-	-	-	-	3,535	97,321	100,856	(1,165)	99,691
Transfer	-	-	-	10,233	-	-	(10,233)	-	-	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	(34,559)	(34,559)	-	(34,559)
Recognition of equity-settled share-based payment expense (Note 32)	-	-	-	-	3,131	-	3,131	3,131	-	3,131
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	2,400	2,400
As at December 31, 2023	34,559	442,314	(25,000)	17,198	10,634	(30)	144,293	623,968	1,172	625,140
Profit (loss) for the year	-	-	-	-	-	-	114,090	114,090	(1,559)	112,531
Other comprehensive expense for the year	-	-	-	-	-	(6,014)	-	(6,014)	-	(6,014)
Total comprehensive (expense) income for the year	-	-	-	-	-	(6,014)	114,090	108,076	(1,559)	106,517
Transfer	-	-	-	2,104	-	-	(2,104)	-	-	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	(40,780)	(40,780)	-	(40,780)
Recognition of equity-settled share-based payment expense (Note 32)	-	-	-	-	4,262	-	-	4,262	-	4,262
Acquisition of Zhejiang AITEK New Material Co., Ltd (浙江愛科新材料有限公司) ("Zhejiang AITEK")* (Note 33)	-	-	-	-	-	-	-	-	29,056	29,056
As at December 31, 2024	34,559	442,314	(25,000)	19,302	14,896	(6,044)	215,499	695,526	28,669	724,195
Profit for the year	-	-	-	-	-	(706)	152,462	152,462	2,846	155,308
Other comprehensive expense for the year	-	-	-	-	-	-	-	(706)	-	(706)
Total comprehensive (expense) income for the year	-	-	-	-	-	(706)	152,462	151,756	2,846	154,602
Transfer	-	-	-	2,146	-	-	(2,146)	-	-	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	(317,780)	(317,780)	-	(317,780)
Issue of shares (Note 31)	1,440	34,560	(4,500)	-	-	-	-	31,500	-	31,500
Recognition of equity-settled share-based payment expense (Note 32)	-	-	-	-	3,329	-	-	3,329	-	3,329
Vesting of restricted shares (Note 32)	-	15,000	25,000	-	(15,000)	-	-	25,000	-	25,000
Deregister of Zhenjiang Runna Technology Co., Ltd.* (鎮江潤納科技有限公司) ("Zhejiang Runna")	-	-	-	-	-	-	-	-	(1,230)	(1,230)
Acquisition of additional interests in Zhejiang AITEK	-	(2,891)	-	-	-	-	-	(2,891)	(3,109)	(6,000)
As at December 31, 2025	35,999	488,983	(4,500)	21,448	3,225	(6,750)	48,035	586,440	27,176	613,616

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	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares (Note a)	Statutory surplus reserve	Share-based payment reserve	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	RMB	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period	—	—	—	—	—	—	66,022	66,022	3,579	69,601
Other comprehensive expense for the period	—	—	—	—	—	(826)	—	(826)	—	(826)
Total comprehensive (expense) income for the period	—	—	—	—	—	(826)	66,022	65,196	3,579	68,775
Recognition of equity-settled share-based payment expense (Note 32)	—	—	—	—	4,040	—	—	4,040	—	4,040
Acquisition of Suzhou Advanced Flexible Ceramics Co., Ltd. (蘇州柔陶新材料有限公司) (“Suzhou Routao”)* (Note 33)	—	—	—	—	—	—	—	—	4,987	4,987
As at June 30, 2026	35,999	488,983	(4,500)	21,448	7,265	(7,576)	114,057	655,676	35,742	691,418
As at January 1, 2025	34,559	442,314	(25,000)	19,302	14,896	(6,044)	215,499	695,526	28,669	724,195
Profit for the period	—	—	—	—	—	—	73,409	73,409	1,112	74,521
Other comprehensive expense for the period	—	—	—	—	—	(598)	—	(598)	—	(598)
Total comprehensive (expense) income for the period	—	—	—	—	—	(598)	73,409	72,811	1,112	73,923
Dividends recognised as distribution (Note 13)	—	—	—	—	—	—	(40,780)	(40,780)	—	(40,780)
Recognition of equity-settled share-based payment expense (Note 32)	—	—	—	—	2,130	—	—	2,130	—	2,130
Vesting of restricted shares	—	15,000	25,000	—	(15,000)	—	—	25,000	—	25,000
Acquisition of additional interests in Zhejiang AITEK	—	(2,891)	—	—	—	—	—	(2,891)	(3,109)	(6,000)
As at June 30, 2025 (unaudited)	34,559	454,423	—	19,302	2,026	(6,642)	248,128	751,796	26,672	778,468

Note a: 1) The treasury shares amounting to RMB25,000,000 as at January 1, 2023, December 31, 2023 and 2024 represents the consideration Dr. Guo Mingbo paid for the restricted shares granted under the Group’s 2020 Restricted Share Incentive scheme which were not vested until June, 2025. Details are set out in Note 32; and 2) the treasury shares amounting to RMB4,500,000 as at December 31, 2025 and June 30, 2026 represents the shares held by Shanghai Demao Juzhi Enterprises Management Consulting Partnership (Limited Partnership) (“Shanghai Demao”), an employee share ownership plan (“ESOP”) platform trust established on December 11, 2025, which is controlled by the Group. Therefore, shares held by Shanghai Demao are treated as treasury shares in the Historical Financial Information. Details are set out in Note 32.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before tax	109,066	127,839	179,818	85,164	78,578
Adjustments for:					
Finance costs	207	261	1,952	404	565
Interest income	(5,918)	(2,971)	(5,167)	(3,040)	(1,710)
Depreciation of property, plant and equipment	7,561	8,727	14,664	6,874	6,965
Depreciation of right-of-use assets	2,382	2,485	3,943	1,955	2,490
Amortisation of intangible assets	28,252	28,640	30,398	15,199	15,199
Net impairment losses (reversal) under ECL model	1,791	(256)	1,153	562	(564)
Net (gain) loss on disposal of property, plant and equipment	(228)	221	(107)	–	105
Net gain on termination of right-of-use assets and lease liabilities	(357)	–	(7)	–	–
Net gain on fair value changes of financial assets at FVTPL	(54)	(3,966)	(4,862)	(2,356)	(1,676)
Net loss (gain) in fair value changes of derivative financial instruments	794	2,881	991	80	(900)
Provision for inventories	3,469	698	997	829	407
Share-based payment expenses	3,131	4,262	3,329	2,130	4,040
Amortisation of deferred income	(421)	(362)	(362)	(180)	(180)
Net foreign exchange (gain) loss	–	(251)	13	13	–
Operating cash flows before movements in working capital	149,675	168,208	226,753	107,634	103,319
Increase in inventories	(3,458)	(388)	(18,544)	(4,718)	(2,906)
(Increase) decrease in trade, bills and other receivables	(93,843)	19,157	(64,222)	(17,361)	32,440
(Increase) decrease in value-added tax recoverable	(1,178)	696	(217)	(473)	(750)
(Increase) decrease in receivables at FVTOCI	(27,677)	(33,202)	(6,133)	32,263	(35,161)
(Increase) decrease in prepaid expenses	(4,233)	(886)	2,867	1,451	1,415
Increase (decrease) in trade, bills and other payables	18,356	6,124	(9,103)	(35,223)	7,826
Increase (decrease) in contract liabilities	38	524	1,380	(1,240)	(3,153)
Cash generated from operations	37,680	160,233	132,781	82,333	103,030
Income taxes paid	(8,942)	(16,552)	(24,597)	(11,204)	(11,906)

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	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
NET CASH FROM OPERATING					
ACTIVITIES	28,738	143,681	108,184	71,129	91,124
INVESTING ACTIVITIES					
Interest received	5,918	2,971	5,167	3,040	1,710
Purchase of property, plant and equipment	(10,213)	(5,872)	(14,680)	(7,751)	(15,039)
Purchase of intangible assets	(6,460)	(219)	(42)	(42)	–
Proceeds on disposal of property, plant and equipment	238	154	123	–	451
Purchase of investment in an associate measured at FVTPL	–	–	–	–	(30,000)
Purchases of financial assets at FVTPL	–	(637,850)	(701,900)	(220,900)	(245,500)
Proceeds from disposal of financial assets at FVTPL	85,383	403,302	858,986	247,487	246,830
Placement of restricted bank deposits	–	(30)	–	–	–
Withdrawal of restricted bank deposits	–	–	30	30	–
Placement of time deposits with banks with original maturity over three months	(210,000)	(22,903)	–	–	–
Withdrawal of time deposits with banks with original maturity over three months	210,000	–	23,141	23,141	–
Net cash (outflow) inflow on deposits paid for derivative financial instruments	(4,100)	3,620	(888)	(426)	(5,670)
Net cash outflow from settlement of derivative financial instrument	(467)	(3,219)	(1,012)	(74)	170
Net cash outflow on acquisition of Suzhou Routao (<i>Note 33</i>)	–	–	–	–	(4,927)
Net cash outflow on acquisition of Zhejiang AITEK (<i>Note 33</i>)	–	(365)	–	–	–
NET CASH FROM (USED IN) INVESTING	70,299	(260,411)	168,925	44,505	(51,975)
FINANCING ACTIVITIES					
New borrowings raised	1,000	10	75,300	50,300	34,900
Repayments of borrowings	–	(1,010)	(50,890)	(42,987)	(43,716)
Payments of lease payments	(1,768)	(2,585)	(4,071)	(1,960)	(2,204)
Interests paid	(207)	(261)	(1,669)	(247)	(544)
Repayment of amount due to a non-controlling shareholder	–	–	(5,000)	(5,000)	–
Capital contribution from non-controlling shareholders	2,400	–	–	–	–
Proceeds from issue of shares	–	–	36,000	–	–
Payment of [REDACTED] expenses	–	–	(1,002)	–	(2,179)
Acquisition of additional interest in Zhejiang AITEK	–	–	(6,000)	(6,000)	–

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	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Deregister of Zhenjiang Runna	–	–	(1,230)	–	–
Dividend paid	<u>(34,559)</u>	<u>(40,780)</u>	<u>(240,780)</u>	<u>(40,780)</u>	<u>(77,000)</u>
NET CASH USED IN FINANCING					
ACTIVITIES	<u>(33,134)</u>	<u>(44,626)</u>	<u>(199,342)</u>	<u>(46,674)</u>	<u>(90,743)</u>
NET INCREASE (DECREASE) IN CASH					
AND CASH EQUIVALENTS	65,903	(161,356)	77,767	68,960	(51,594)
CASH AND CASH EQUIVALENTS AT					
BEGINNING OF THE YEAR/PERIOD . . .	<u>200,359</u>	<u>266,262</u>	<u>104,906</u>	<u>104,906</u>	<u>182,673</u>
CASH AND CASH EQUIVALENTS AT END					
OF THE YEAR/PERIOD	<u>266,262</u>	<u>104,906</u>	<u>182,673</u>	<u>173,866</u>	<u>131,079</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, formerly known as Ouyin New Materials (Zhenjiang) Co., Ltd.* (奥音新材料(镇江)有限公司) and SSI New Material (Zhenjiang) Co., Ltd.* (镇江贝斯特新材料有限公司), was established as a company with limited liability in Zhenjiang City, Jiangsu Province, the People’s Republic of China (“PRC”) on March 14, 2017, under the Company Laws of the PRC. On October 14, 2021, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC and change its name to SSI New Material (Zhenjiang) Co., Ltd.* (镇江贝斯特新材料股份有限公司). The addresses of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” of the Document. The immediate holding company is Shanghai Zhengxindexu Technology Co., Ltd.* (上海正心德蓄科技有限公司) (hereafter refer to as “Zhengxin Dexu”) and the ultimate controlling shareholder of the Company is Mr. Lin Lijun (“Mr. Lin”).

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of research and development, manufacturing and sales of a comprehensive and diversified portfolio of functional enhancement materials for intelligent devices throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 41.

The functional currency of the Company and its subsidiaries is Renminbi (“RMB”), which is the same as the presentation currency of the Historical Financial Information.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB.

No statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 have been prepared as there were no statutory audit requirements for the Company.

The directors of the Company have, at the time of approving the Historical Financial Information, a reasonable expectation that the Group has adequate resources to continue in operational existence at least the twelve months from the date of the Historical Financial Information. Thus they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standard issued by the IASB, which are effective for the Group’s accounting period beginning on January 1, 2026, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures ²
IFRS 20	Regulatory Assets and Regulatory Liabilities ³

- 1 Effective for annual periods beginning on or after a date to be determined
- 2 Effective for annual periods beginning on or after January 1, 2027
- 3 Effective for annual periods beginning on or after January 1, 2029

* English name is for identification purpose only.

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Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or *IFRIC – Int 21 Levies*, in which the Group applies IAS 37 or IFRIC – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value.

Investments in subsidiaries

Investment in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (“CGUs”) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

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Investment in an associate measured at FVTPL

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When the Group holds an instrument with preference rights in an associate but the risk and returns of such instrument substantially differs from those of ordinary shareholders, the Group presents such instrument as investment in an associate measured at FVTPL and accounts for it in accordance with IFRS 9.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in Notes 6 and 27.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain office premises and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs, which are not directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

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Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement schemes in the PRC, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Restricted share granted to employee

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For restricted shares that vest immediately at the date of grant, the fair value of restricted shares granted is expensed immediately to profit or loss.

When restricted shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and plant and machinery in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities and development activities where no internally-generated intangible assets can be recognised is recognised as an expense in the period in which it is incurred.

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An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in selling and marketing expenses.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is not a designated and effective hedging instrument.

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and receivables at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade, bills and other receivables, receivables at FVTOCI, restricted bank deposits, time deposits with original maturity over three months, and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables, bills receivables and receivables at FVTOCI.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables, bills receivables and receivables at FVTOCI (except for trade receivables from customers with significant balance) are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes the nature and size of debtors into consideration when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for receivables at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

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On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and intangible assets

The Group’s management determines the estimated useful lives and the depreciation/amortisation method in determining the related charges for its property, plant and equipment and intangible assets. This estimate is referenced to useful lives of property, plant and equipment and intangible assets of similar nature and functions in the industry. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete assets that have been abandoned or sold. The Group’s carrying amount of property, plant and equipment as at December 31, 2023, 2024 and 2025 and June 30, 2026 is RMB70,446,000, RMB100,404,000, RMB102,292,000 and RMB105,847,000, respectively, as disclosed in Note 15. The carrying amount of intangible assets as at December 31, 2023, 2024 and 2025 and June 30, 2026 is RMB150,883,000, RMB131,113,000, RMB100,757,000 and RMB86,818,000, respectively, as disclosed in Note 17.

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6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from the sales of goods during the Track Record Period.

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of goods					
Acoustic enhancement materials	211,726	219,128	303,514	145,658	132,359
Energy enhancement materials	106,465	126,711	165,284	68,461	132,372
Electronic adhesives	2,272	9,223	22,359	8,673	11,376
Electronic ceramic materials	—	—	133,939	60,606	88,852
	<u>320,463</u>	<u>355,062</u>	<u>625,096</u>	<u>283,398</u>	<u>364,959</u>

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Timing of revenue recognition					
A point in time	<u>320,463</u>	<u>355,062</u>	<u>625,096</u>	<u>283,398</u>	<u>364,959</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from the sales of goods

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods underlying the particular performance obligation is transferred to the customer.

The Group’s revenue is primarily derived from the sale of acoustic enhancement materials, energy enhancement materials, electronic adhesives and electronic ceramic materials. All products are sold to direct customers and performance obligations are satisfied at a point in time, with revenue recognised when the goods are delivered and accepted by the customers. The Group does not allow customers to return goods unless the goods have defective packaging prior to the customers’ confirmation of acceptance.

Customers are generally required to make partial payment before the Group delivers the products to customers and the Group normally grants a credit period ranging from 30 to 120 days. Contract liabilities are recognised when consideration is received in which revenue has yet been recognised.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group’s contract has an original expected duration of less than one year.

(iv) Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Entity-wide disclosures

Geographical information

Information about the Group’s revenue from external customers is presented based on the location of the direct customers.

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	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Chinese Mainland	289,628	289,040	518,483	235,723	308,449
Outside of Chinese Mainland:					
South Korea	30,315	45,589	51,900	21,737	20,166
Vietnam	520	20,433	54,713	25,938	32,880
Malaysia	—	—	—	—	3,464
	<u>320,463</u>	<u>355,062</u>	<u>625,096</u>	<u>283,398</u>	<u>364,959</u>

(v) **Information about major customers**

Revenue from customers contributing for 10% or more of the Group’s revenue during the Track Record Period are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Customer A <i>(note (a))</i>	91,007	74,300	129,084	67,897	62,916
Customer B <i>(note (b))</i>	65,760	66,015	85,716	40,885	N/A
Customer C <i>(note (b))</i>	57,008	52,260	N/A	N/A	N/A
Customer D	38,542	53,974	139,274	51,401	121,396
Customer E <i>(note (b))</i>	N/A	45,589	N/A	N/A	N/A
Customer F <i>(note (b))</i>	N/A	N/A	87,654	43,465	40,286

Notes:

- (a) The customer is a non-controlling shareholder of the Company.
- (b) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Government grants					
– unconditional subsidy income					
<i>(note (a))</i>	4,657	1,776	4,401	643	3,301
– related to assets <i>(Note 30)</i>	421	362	362	180	180
Interest income	5,918	2,971	5,167	3,040	1,710
Additional deduction of input VAT	967	817	1,625	481	1,058
Others	36	42	61	56	55
	<u>11,999</u>	<u>5,968</u>	<u>11,616</u>	<u>4,400</u>	<u>6,304</u>

Note:

- (a) The amount mainly represents unconditional government grants received from local governments in connection with the operating activities of the Group during the Track Record Period.

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8. OTHER GAINS AND LOSSES

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net gain (loss) on disposal of property, plant and equipment	228	(221)	107	–	(105)
Net gain on termination of right-of-use assets and lease liabilities	357	–	7	–	–
Net foreign exchange gain (loss)	199	1,210	(3,207)	(596)	(4,233)
Net gain in fair value changes of financial assets at FVTPL	54	3,966	4,862	2,356	1,676
Net (loss) gain in fair value changes of derivative financial instruments	(794)	(2,881)	(991)	(80)	900
Others	(138)	(76)	(434)	(124)	(291)
	<u>(94)</u>	<u>1,998</u>	<u>344</u>	<u>1,556</u>	<u>(2,053)</u>

9. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interests on borrowings	*	30	1,329	56	422
Interests on lease liabilities	207	231	340	191	122
Interests on amount due to a non-controlling shareholder	–	–	283	157	21
	<u>207</u>	<u>261</u>	<u>1,952</u>	<u>404</u>	<u>565</u>

* Less than RMB1,000.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation of property, plant and equipment	7,561	8,727	14,664	6,874	6,965
Depreciation of right-of-use assets	2,382	2,485	3,943	1,955	2,490
Amortisation of intangible assets	28,252	28,640	30,398	15,199	15,199
	<u>38,195</u>	<u>39,852</u>	<u>49,005</u>	<u>24,028</u>	<u>24,654</u>
Capitalised in inventories	(24,205)	(26,237)	(33,626)	(14,946)	(17,474)
Total depreciation and amortisation charged to profit or loss	<u>13,990</u>	<u>13,615</u>	<u>15,379</u>	<u>9,082</u>	<u>7,180</u>
Directors’ and supervisors’ remuneration (Note 12)	7,924	10,659	15,777	7,799	8,215
Other staff costs:					
– Salaries, allowances and other benefits	33,455	37,374	56,844	27,110	26,524
– Retirement benefit scheme contributions	4,596	5,556	6,557	3,193	3,775
– Share-based payment expenses	–	–	75	–	338
	<u>45,975</u>	<u>53,589</u>	<u>79,253</u>	<u>38,102</u>	<u>38,852</u>

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	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Capitalised in inventories	(9,574)	(13,617)	(21,144)	(10,115)	(12,792)
Total staff costs charged to profit or loss	36,401	39,972	58,109	27,987	26,060
Auditors’ remuneration	–	–	–	–	–
Cost of inventories recognised as cost of sales	141,162	152,107	327,552	143,767	230,297
Write-down of inventories	3,469	698	997	829	407
Research and development expenses					
– Staff costs	18,934	20,538	24,698	10,513	11,096
– Depreciation and amortisation	12,032	11,551	11,019	6,688	4,917
– Material, patent application fee and technical service fee	4,230	4,743	4,778	1,452	1,732
– Others	2,433	2,609	4,668	2,485	2,738
	37,629	39,441	45,163	21,138	20,483
Net impairment losses (reversal) under ECL model:					
– Trade and bills receivables	1,851	(298)	1,212	558	(572)
– Other receivables	(60)	42	(59)	4	8
	1,791	(256)	1,153	562	(564)

11. INCOME TAX EXPENSES

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PRC Enterprise Income Tax (“EIT”)	14,229	15,007	24,020	10,259	7,756
Deferred tax (<i>Note 19</i>)	(1,319)	301	490	384	1,221
	12,910	15,308	24,510	10,643	8,977

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong Dollar (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. No provision of Hong Kong Profits Tax was made in the Historical Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

Under the Law of PRC on Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, on November 6, 2023, the Company obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2023 to 2025.

Under the EIT Law of PRC and Implementation Regulation of the EIT Law, on December 8, 2023, Zhejiang AITEK New Material Co., Ltd. (“Zhejiang AITEK”) obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2023 to 2025.

Under the EIT Law of PRC and Implementation Regulation of the EIT Law, on November 15, 2023, Shanghai Runshi Technology Co., Ltd obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2023 to 2025.

Under the EIT Law of PRC and Implementation Regulation of the EIT Law, on December 19, 2025, Suzhou Routao obtained the High-Tech Enterprise Certificate and was therefore entitled to a preferential income tax rate of 15% for a period of 3 years from 2025 to 2027.

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In the opinion of the management of the Group, the Company and aforementioned subsidiaries with HNTE certificates fulfill the renewal requirements and are in the process to renew the HNTE certificates. Accordingly, the management continues to use the tax rate of 15% to calculate the current tax for the six months ended June 30, 2026.

Pursuant to relevant laws and regulations in the PRC, all other subsidiaries except for Shanghai Nexolar (as defined in Note 41) are eligible as a Small Low-profit Enterprise (小型微利企業) and are subject to preferential tax treatments during the Track Record Period. Shanghai Nexolar was not a Small Low-profit Enterprise since 2025. From January 1, 2023 to December 31, 2025, for Small Low-profit Enterprises, the annual taxable income not exceeding RMB3.0 million was reduced to 25% and taxed at a rate of 20%.

Pursuant to Caishui 2023 circular No. 7, the Company and Zhejiang AITEK is entitled to additional deduction of 100% on qualified research and development expenditures during the Track Record Period.

Income tax expenses for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	109,066	127,839	179,818	85,164	78,578
Tax at the applicable PRC tax rate of 25%	27,267	31,960	44,955	21,291	19,645
Tax effect of expenses not deductible for tax purpose	1,810	2,516	5,835	1,445	581
Tax effect of tax losses not recognised	2,162	2,103	1,877	845	643
Utilisation of tax losses previously not recognised	—	—	(32)	(31)	(750)
Tax effect attributable to additional qualified tax deduction	(9,650)	(10,465)	(11,199)	(5,419)	(5,115)
Preferential income tax rates applicable	(8,679)	(10,806)	(16,926)	(7,488)	(6,027)
Income tax expenses	12,910	15,308	24,510	10,643	8,977

12. DIRECTORS’, SUPERVISORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

12.1 Directors’, supervisors’ and the chief executive’s emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to their becoming directors of the Company) for their services during the Track Record Period are as follows:

Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023						
Executive directors:						
Mr. Li Chengbin March 14, 2017	—	—	—	—	—	—
Dr. Guo Mingbo (note a) . . June 1, 2019	—	946	58	2,700	3,131	6,835
Non-executive director:						
Mr. Zhang Shun (note b) . . September 24, 2021	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Liu Jidong September 24, 2021	120	—	—	—	—	120
Mr. Huang Wei December 4, 2021	120	—	—	—	—	120
Mr. Shi Guifeng (note c) . . June 25, 2022	120	—	—	—	—	120

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	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Supervisors:							
Mr. Sudan (<i>note d</i>)	September 24, 2021	—	—	—	—	—	—
Mr. Yangtao (<i>note d</i>)	September 24, 2021	—	523	68	138	—	729
		<u>360</u>	<u>1,469</u>	<u>126</u>	<u>2,838</u>	<u>3,131</u>	<u>7,924</u>

	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000

Year ended December 31, 2024

Executive directors:

Mr. Li Chengbin	March 14, 2017	—	—	—	—	—	—
Dr. Guo Mingbo (<i>note a</i>)	June 1, 2019	—	1,023	58	4,198	4,262	9,541

Non-executive directors:

Mr. Zhang Shun (<i>note b</i>)	September 24, 2021	—	—	—	—	—	—
Mr. Chen Xiaoyu (<i>note b</i>)	September 9, 2024	—	—	—	—	—	—

Independent

non-executive directors:

Mr. Liu Jidong	September 24, 2021	120	—	—	—	—	120
Mr. Huang Wei	December 4, 2021	120	—	—	—	—	120
Mr. Shi Guifeng (<i>note c</i>)	June 25, 2022	120	—	—	—	—	120

Supervisors:

Mrs. Wang Weiwei (<i>note d</i>)	September 9, 2024	—	—	—	—	—	—
Mr. Sudan (<i>note d</i>)	September 24, 2021	—	—	—	—	—	—
Mr. Yangtao (<i>note d</i>)	September 24, 2021	—	546	71	141	—	758
		<u>360</u>	<u>1,569</u>	<u>129</u>	<u>4,339</u>	<u>4,262</u>	<u>10,659</u>

	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000

Year ended December 31, 2025

Executive directors:

Mr. Li Chengbin	March 14, 2017	—	883	42	3,129	387	4,441
Dr. Guo Mingbo (<i>note a</i>)	June 1, 2019	—	1,023	58	6,257	2,867	10,205

Non-executive directors:

Mr. Zhang Shun (<i>note b</i>)	September 24, 2021	—	—	—	—	—	—
Mr. Chen Xiaoyu (<i>note b</i>)	September 9, 2024	—	—	—	—	—	—
Mr. Chen Hu (<i>note e</i>)	October 24, 2025	—	—	—	—	—	—
Ms. Yi Fan Sunny Ruan (<i>note e</i>)	October 24, 2025	—	—	—	—	—	—

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	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	120	—	—	—	—	120
Mr. Huang Wei	December 4, 2021	120	—	—	—	—	120
Mr. Shi Guifeng (note c) . .	June 25, 2022	100	—	—	—	—	100
Ms. Sit Ting Fong (note f) .	October 24, 2025	20	—	—	—	—	20
Supervisors:							
Mrs. Wang Weiwei (note d)	September 9, 2024	—	—	—	—	—	—
Mr. Sudan (note d)	September 24, 2021	—	—	—	—	—	—
Mr. Yangtao (note d)	September 24, 2021	—	559	71	141	—	771
		<u>360</u>	<u>2,465</u>	<u>171</u>	<u>9,527</u>	<u>3,254</u>	<u>15,777</u>

	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000

Six months ended June 30, 2025

Executive directors:

Mr. Li Chengbin	March 14, 2017	—	126	6	1,500	—	1,632
Dr. Guo Mingbo (note a) . .	June 1, 2019	—	511	29	3,000	2,130	5,670

Non-executive directors:

Mr. Zhang Shun (note b) . .	September 24, 2021	—	—	—	—	—	—
Mr. Chen Xiaoyu (note b) .	September 9, 2024	—	—	—	—	—	—

Independent non-executive directors:

Mr. Liu Jidong	September 24, 2021	60	—	—	—	—	60
Mr. Huang Wei	December 4, 2021	60	—	—	—	—	60
Mr. Shi Guifeng (note c) . .	June 25, 2022	60	—	—	—	—	60

Supervisors:

Mrs. Wang Weiwei (note d)	September 9, 2024	—	—	—	—	—	—
Mr. Sudan (note d)	September 24, 2021	—	—	—	—	—	—
Mr. Yangtao (note d)	September 24, 2021	—	281	36	—	—	317
		<u>180</u>	<u>918</u>	<u>71</u>	<u>4,500</u>	<u>2,130</u>	<u>7,799</u>

	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000

Six months ended June 30, 2026

Executive directors:

Mr. Li Chengbin	March 14, 2017	—	757	36	1,000	2,320	4,113
Dr. Guo Mingbo (note a) . .	June 1, 2019	—	511	29	2,000	1,382	3,922

Non-executive directors:

Mr. Chen Hu (note e)	October 24, 2025	—	—	—	—	—	—
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	Date of appointment	Directors’ fee	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Discretionary performance related bonus*	Equity-settled share-based expenses	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Ms. Yi Fan Sunny Ruan (note e)	October 24, 2025	—	—	—	—	—	—
Independent non-executive directors:							
Mr. Liu Jidong	September 24, 2021	60	—	—	—	—	60
Mr. Huang Wei	December 4, 2021	60	—	—	—	—	60
Ms. Sit Ting Fong (note f) .	October 24, 2025	60	—	—	—	—	60
		<u>180</u>	<u>1,268</u>	<u>65</u>	<u>3,000</u>	<u>3,702</u>	<u>8,215</u>

Notes:

- (a) Dr. Guo Mingbo is the chief executive officer of the Company.
- (b) Mr. Zhang Shun and Mr. Chen Xiaoyu resigned as non-executive directors of the Company with effect from October 23, 2025.
- (c) Mr. Shi Guifeng resigned as independent non-executive director of the Company with effect from October 23, 2025.
- (d) Mrs. Wang Weiwei, Mr. Sudan and Mr. Yangtao resigned as supervisors of the Company with effect from November 28, 2025.
- (e) Mr. Chen Hu and Ms. Yi Fan Sunny Ruan were appointed as non-executive directors with effective from October 24, 2025.
- (f) Ms. Sit Ting Fong was appointed as an independent non-executive director with effective from October 24, 2025.

The executive directors’ and chief executive’s emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The non-executive directors’ and supervisors’ emoluments shown above were for their services as directors and supervisors of the Company during the Track Record Period.

The independent non-executive directors’ emoluments shown above were for their services as directors of the Company.

12.2 Five highest paid employees

For the Track Record Period, the five highest paid employees of the Group included two, two, two, two (unaudited) and two directors and/or supervisor of the Company, respectively, details of whose emoluments are set out above. Details of the remuneration of the remaining three, three, three, three (unaudited) and three individuals, for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Salaries, allowances and benefits in kind	1,669	1,863	1,855	966	1,066
Retirement benefit scheme contributions	81	81	178	42	68
Discretionary performance related bonus*	512	1,471	1,875	900	400
Equity-settled share-based expenses	—	—	36	—	219
	<u>2,262</u>	<u>3,415</u>	<u>3,944</u>	<u>1,908</u>	<u>1,753</u>

* Performance-based bonuses are determined based on the duties and performances of the relevant individuals and the operating result of the Group.

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The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in HK\$):

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees
HK\$ nil to HK\$1,000,000	4	3	–	3	3
HK\$1,000,001 and HK\$1,500,000	–	–	2	–	–
HK\$1,500,001 and HK\$2,000,000	–	1	1	1	–
HK\$3,500,001 and HK\$4,000,000	–	–	–	–	–
HK\$4,500,001 and HK\$5,000,000	–	–	1	–	2
HK\$6,000,001 and HK\$6,500,000	–	–	–	1	–
HK\$7,500,001 and HK\$8,000,000	1	–	–	–	–
HK\$10,000,001 and HK\$10,500,000	–	1	–	–	–
HK\$11,000,001 and HK\$11,500,000	–	–	1	–	–
	5	5	5	5	5
	=	=	=	=	=

During the Track Record Period, there was no arrangement under which a director and supervisor of the Company or the five highest paid employees of the Group waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors and supervisors of the Company or the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:					
2022 Final – RMB0.10 per share	34,559	–	–	–	–
2023 Final – RMB0.12 per share	–	40,780	–	–	–
2024 Final – RMB0.12 per share	–	–	40,780	40,780	–
2025 Interim – RMB0.77 per share	–	–	277,000	–	–
	<u>34,559</u>	<u>40,780</u>	<u>317,780</u>	<u>40,780</u>	<u>–</u>

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14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				<i>(unaudited)</i>	
Earnings (RMB’000):					
Profit for the year					
attributable to owners of the Company	97,321	114,090	152,462	73,409	66,022
Less: profit entitled to the holder of restricted shares	(3,705)	(4,344)	(3,005)	(2,795)	(2,641)
Profit for the year attributable to owners of the Company for the purpose of calculating basic and dilutive earnings per share	<u>93,616</u>	<u>109,746</u>	<u>149,457</u>	<u>70,614</u>	<u>63,381</u>
Number of shares (’000)					
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive earnings per share	<u>332,434</u>	<u>332,434</u>	<u>339,013</u>	<u>332,434</u>	<u>345,592</u>

For the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, the Company had the restricted shares which are potential ordinary shares. The potential ordinary shares were entitled to cash dividend that do not need to be returned to the Company and therefore not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive for each of three years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026. Accordingly, diluted earnings per share for each of three years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026 is the same as basic earnings per share, respectively.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and plants	Machinery and equipment	Motor vehicles	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST							
As at January 1, 2023	42,167	35,343	864	4,593	6,605	570	90,142
Additions	114	2,865	244	160	1,284	5,780	10,447
Transfer	1,254	3,763	2	199	226	(5,444)	–
Disposals	–	(901)	(121)	(94)	–	–	(1,116)
As at December 31, 2023 . .	43,535	41,070	989	4,858	8,115	906	99,473
Additions	–	1,468	228	728	236	3,629	6,289
Transfer	–	3,105	–	798	–	(3,903)	–
Disposals	–	(5,195)	–	(343)	–	–	(5,538)
Acquisition of Zhejiang AITEK (Note 33)	–	28,159	678	266	3,591	77	32,771
As at December 31, 2024 . .	43,535	68,607	1,895	6,307	11,942	709	132,995
Additions	–	7,055	–	1,403	3,659	4,451	16,568
Transfer	–	3,450	–	542	–	(3,992)	–
Disposals	–	(510)	–	–	(109)	–	(619)
As at December 31, 2025 . .	43,535	78,602	1,895	8,252	15,492	1,168	148,944
Additions	–	1,584	93	268	203	7,494	9,642
Transfer	–	693	–	–	–	(693)	–

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	Buildings and plants	Machinery and equipment	Motor vehicles	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disposals	–	(2,293)	–	(44)	–	–	(2,337)
Acquisition of Suzhou Routao (<i>Note 33</i>)	–	1,351	3	80	–	–	1,434
As at June 30, 2026	43,535	79,937	1,991	8,556	15,695	7,969	157,683
ACCUMULATED DEPRECIATION							
As at January 1, 2023	3,010	12,074	358	1,603	5,527	–	22,572
Provided for the year	2,421	3,184	199	1,171	586	–	7,561
Eliminated on disposals	–	(901)	(121)	(84)	–	–	(1,106)
As at December 31, 2023	5,431	14,357	436	2,690	6,113	–	29,027
Provided for the year	2,593	3,731	262	1,107	1,034	–	8,727
Eliminated on disposals	–	(4,839)	–	(324)	–	–	(5,163)
As at December 31, 2024	8,024	13,249	698	3,473	7,147	–	32,591
Provided for the year	2,593	8,138	556	1,803	1,574	–	14,664
Eliminated on disposals	–	(494)	–	–	(109)	–	(603)
As at December 31, 2025	10,617	20,893	1,254	5,276	8,612	–	46,652
Provided for the period	901	4,417	125	785	737	–	6,965
Eliminated on disposals	–	(1,738)	–	(43)	–	–	(1,781)
As at June 30, 2026	11,518	23,572	1,379	6,018	9,349	–	51,836
CARRYING VALUES							
As at December 31, 2023	38,104	26,713	553	2,168	2,002	906	70,446
As at December 31, 2024	35,511	55,358	1,197	2,834	4,795	709	100,404
As at December 31, 2025	32,918	57,709	641	2,976	6,880	1,168	102,292
As at June 30, 2026	32,017	56,365	612	2,538	6,346	7,969	105,847

The Company

	Buildings and plants	Machinery and equipment	Motor vehicles	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
As at January 1, 2023	38,272	31,080	218	4,278	6,605	570	81,023
Additions	114	2,865	244	137	–	5,419	8,779
Transfer	1,254	3,697	2	169	–	(5,122)	–
Disposals	–	(901)	(121)	(94)	–	–	(1,116)
As at December 31, 2023	39,640	36,741	343	4,490	6,605	867	88,686
Additions	–	1,468	–	720	–	3,629	5,817
Transfer	–	3,066	–	798	–	(3,864)	–
Disposals	–	(5,195)	–	(335)	–	–	(5,530)
As at December 31, 2024	39,640	36,080	343	5,673	6,605	632	88,973
Additions	–	2,860	–	761	–	3,217	6,838
Transfer	–	2,370	–	542	–	(2,912)	–
Disposals	–	(510)	–	–	–	–	(510)
As at December 31, 2025	39,640	40,800	343	6,976	6,605	937	95,301
Additions	–	480	–	192	–	906	1,578
Transfer	–	448	–	–	–	(448)	–
Disposals	–	(844)	–	–	–	–	(844)
As at June 30, 2026	39,640	40,884	343	7,168	6,605	1,395	96,035
ACCUMULATED DEPRECIATION							
As at January 1, 2023	2,949	11,956	192	1,569	5,526	–	22,192
Provided for the year	2,228	2,714	48	1,079	570	–	6,639
Eliminated on disposals	–	(901)	(121)	(84)	–	–	(1,106)

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	Buildings and plants	Machinery and equipment	Motor vehicles	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023 . . .	5,177	13,769	119	2,564	6,096	–	27,725
Provided for the year	2,400	3,250	59	1,011	437	–	7,157
Eliminated on disposals . . .	–	(4,839)	–	(318)	–	–	(5,157)
As at December 31, 2024 . . .	7,577	12,180	178	3,257	6,533	–	29,725
Provided for the year	2,400	3,919	59	1,138	72	–	7,588
Eliminated on disposals . . .	–	(494)	–	–	–	–	(494)
As at December 31, 2025 . . .	9,977	15,605	237	4,395	6,605	–	36,819
Provided for the period	805	2,244	29	654	–	–	3,732
Eliminated on disposals . . .	–	(727)	–	–	–	–	(727)
As at June 30, 2026	10,782	17,122	266	5,049	6,605	–	39,824
CARRYING VALUES							
As at December 31, 2023 . . .	34,463	22,972	224	1,926	509	867	60,961
As at December 31, 2024 . . .	32,063	23,900	165	2,416	72	632	59,248
As at December 31, 2025 . . .	29,663	25,195	106	2,581	–	937	58,482
As at June 30, 2026	28,858	23,762	77	2,119	–	1,395	56,211

The above items of property, plant and equipment (except for construction in progress) are depreciated on a straight-line basis over the following estimated useful lives after taking into account their residual values:

	Useful lives	Estimated residual value
Buildings and plants	20 years	5%
Machinery and equipment	3-10 years	5%
Motor vehicles	4 years	5%
Electronic equipment and furniture	1.25-10 years	5%
Leasehold improvements	3-10 years	0%

The Group has obtained certificates for all buildings as at December 31, 2023, 2024 and 2025 and June 30, 2026.

16. RIGHT-OF-USE ASSETS

The Group

	Plant and machinery	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
COST			
As at January 1, 2023	6,443	11,192	17,635
Additions	10,705	–	10,705
Termination of leases	(8,374)	–	(8,374)
As at December 31, 2023	8,774	11,192	19,966
Additions	3,391	–	3,391
Termination of leases	(635)	–	(635)
Acquisition of Zhejiang AITEK (Note 33)	2,922	–	2,922
As at December 31, 2024	14,452	11,192	25,644
Additions	305	–	305
Termination of leases	(268)	–	(268)
As at December 31, 2025	14,489	11,192	25,681
Additions	1,939	–	1,939
Acquisition of Suzhou Routao (Note 33)	438	–	438
As at June 30, 2026	16,866	11,192	28,058
ACCUMULATED DEPRECIATION			
As at January 1, 2023	3,399	553	3,952
Additions	2,106	276	2,382
Termination of leases	(1,863)	–	(1,863)
As at December 31, 2023	3,642	829	4,471

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	Plant and machinery	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
Additions	2,208	277	2,485
Termination of leases	(635)	—	(635)
As at December 31, 2024	5,215	1,106	6,321
Additions	3,666	277	3,943
Termination of leases	(88)	—	(88)
As at December 31, 2025	8,793	1,383	10,176
Additions	2,352	138	2,490
As at June 30, 2026	11,145	1,521	12,666
CARRYING VALUES			
As at December 31, 2023	5,132	10,363	15,495
As at December 31, 2024	9,237	10,086	19,323
As at December 31, 2025	5,696	9,809	15,505
As at June 30, 2026	5,721	9,671	15,392

	As at December 31,			As at June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expenses relating to short-term leases	45	81	373	162	340
Total cash outflow for leases	2,020	2,897	4,784	2,313	2,666

The Company

	Plant and machinery	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
COST			
As at January 1, 2023	6,443	11,192	17,635
Additions	5,380	—	5,380
Termination of leases	(8,275)	—	(8,275)
As at December 31, 2023	3,548	11,192	14,740
Additions	3,098	—	3,098
Termination of leases	(635)	—	(635)
As at December 31, 2024 and 2025	6,011	11,192	17,203
Additions	198	—	198
As at June 30, 2026	6,209	11,192	17,401
DEPRECIATION			
As at January 1, 2023	3,399	553	3,952
Additions	1,758	276	2,034
Termination of leases	(1,763)	—	(1,763)
As at December 31, 2023	3,394	829	4,223
Additions	962	277	1,239
Termination of leases	(635)	—	(635)
As at December 31, 2024	3,721	1,106	4,827
Additions	873	277	1,150
As at December 31, 2025	4,594	1,383	5,977
Additions	449	138	587
As at June 30, 2026	5,043	1,521	6,564

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	Plant and machinery	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
CARRYING VALUES			
As at December 31, 2023	154	10,363	10,517
As at December 31, 2024	2,290	10,086	12,376
As at December 31, 2025	1,417	9,809	11,226
As at June 30, 2026	1,166	9,671	10,837

During the Track Record Period, the Group leases lands for its operations. Lease contracts are entered into for a fixed term of 40.5 years as it was acquired from an independent third party through auction. The Group has made lump sum payments upfront to the aforementioned third party for leasehold lands. The Group obtained the land use right certificates for all such leasehold lands as at December 31, 2023, 2024 and 2025 and June 30, 2026.

During the Track Record Period, the Group leased various plant and machinery for its operations. Lease contracts are entered into for a fixed term ranging from 2 years to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases. As at December 31, 2023, 2024 and 2025 and June 30, 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, the Group’s lease liabilities of RMB5,596,000, RMB10,187,000, RMB6,234,000 and RMB6,407,000 are recognised with related right-of-use assets of RMB5,132,000, RMB9,237,000, RMB5,696,000 and RMB5,721,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

17. INTANGIBLE ASSETS

The Group

	Patent	Computer software	Total
	RMB'000	RMB'000	RMB'000
COST			
As at January 1, 2023	290,000	318	290,318
Additions	6,460	—	6,460
As at December 31, 2023	296,460	318	296,778
Additions	219	—	219
Acquisition of Zhejiang AITEK (<i>Note 33</i>)	8,651	—	8,651
As at December 31, 2024	305,330	318	305,648
Additions	—	42	42
As at December 31, 2025	305,330	360	305,690
Acquisition of Suzhou Routao (<i>Note 33</i>)	1,260	—	1,260
As at June 30, 2026	306,590	360	306,950
ACCUMULATED AMORTISATION			
As at January 1, 2023	117,431	212	117,643
Provided for the year	28,146	106	28,252
As at December 31, 2023	145,577	318	145,895
Provided for the year	28,640	—	28,640
As at December 31, 2024	174,217	318	174,535
Provided for the year	30,384	14	30,398
As at December 31, 2025	204,601	332	204,933
Provided for the period	15,192	7	15,199
As at June 30, 2026	219,793	339	220,132
CARRYING VALUES			
As at December 31, 2023	150,883	—	150,883

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	Patent	Computer software	Total
	RMB'000	RMB'000	RMB'000
As at December 31, 2024	131,113	—	131,113
As at December 31, 2025	100,729	28	100,757
As at June 30, 2026	86,797	21	86,818

The Company

	Patent	Computer software	Total
	RMB'000	RMB'000	RMB'000
COST			
As at January 1, 2023	290,000	318	290,318
Additions	6,460	—	6,460
As at December 31, 2023	296,460	318	296,778
Additions	219	—	219
As at December 31, 2024, 2025 and June 30, 2026	296,679	318	296,997
ACCUMULATED AMORTISATION			
As at January 1, 2023	117,431	212	117,643
Provided for the year	28,146	106	28,252
As at December 31, 2023	145,577	318	145,895
Provided for the year	28,640	—	28,640
As at December 31, 2024	174,217	318	174,535
Provided for the year	28,654	—	28,654
As at December 31, 2025	202,871	318	203,189
Provided for the period	14,327	—	14,327
As at June 30, 2026	217,198	318	217,516
CARRYING VALUES			
As at December 31, 2023	150,883	—	150,883
As at December 31, 2024	122,462	—	122,462
As at December 31, 2025	93,808	—	93,808
As at June 30, 2026	79,481	—	79,481

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following estimated useful lives:

	Useful lives
Patent	5-10 years
Computer software	3 years

18. GOODWILL

The Group

	RMB'000
COST AND CARRYING VALUE	
As at January 1, 2023 and December 31, 2023	—
Acquisition of Zhejiang AITEK (Note 33)	944
As at December 31, 2024 and 2025	944
Acquisition of Suzhou Routao (Note 33)	8,811
As at June 30, 2026	9,755

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19. DEFERRED TAXATION

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

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	812	3,914	3,092	1,903
Deferred tax liabilities	(2)	(1,098)	(641)	(733)
	<u>810</u>	<u>2,816</u>	<u>2,451</u>	<u>1,170</u>

The Group

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Impairment of assets	Right-of-use assets	Lease liabilities	Others	Fair value adjustment arising from acquisition of Zhejiang AITEK	Fair value adjustment arising from acquisition of Suzhou Routao	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	1,816	(457)	524	(1,768)	—	—	115
Credit (charge) to profit or loss . .	630	185	(171)	675	—	—	1,319
Charge to other comprehensive income	—	—	—	(624)	—	—	(624)
As at December 31, 2023	2,446	(272)	353	(1,717)	—	—	810
(Charge) credit to profit or loss . .	(628)	(125)	56	396	—	—	(301)
Credit to other comprehensive income	—	—	—	1,061	—	—	1,061
Acquisition of Zhejiang AITEK (Note 33)	71	(146)	189	2,222	(1,090)	—	1,246
As at December 31, 2024	1,889	(543)	598	1,962	(1,090)	—	2,816
Credit (charge) to profit or loss . .	434	104	(115)	(1,362)	449	—	(490)
Credit to other comprehensive income	—	—	—	125	—	—	125
As at December 31, 2025	2,323	(439)	483	725	(641)	—	2,451
(Charge) credit to profit or loss . .	(212)	(104)	26	(1,044)	113	—	(1,221)
Credit to other comprehensive income	—	—	—	145	—	—	145
Acquisition of Suzhou Routao (Note 33)	—	(66)	66	—	—	(205)	(205)
As at June 30, 2026	<u>2,111</u>	<u>(609)</u>	<u>575</u>	<u>(174)</u>	<u>(528)</u>	<u>(205)</u>	<u>1,170</u>

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The Company

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Impairment of assets	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	1,806	(457)	524	(1,815)	58
Credit (charge) to profit or loss	590	434	(414)	696	1,306
Charge to other comprehensive income . .	—	—	—	(624)	(624)
As at December 31, 2023 . .	2,396	(23)	110	(1,743)	740
(Charge) credit to profit or loss	(621)	(320)	243	429	(269)
Credit to other comprehensive income . .	—	—	—	1,061	1,061
As at December 31, 2024 . .	1,775	(343)	353	(253)	1,532
Credit (charge) to profit or loss	81	131	(128)	317	401
Credit to other comprehensive income . .	—	—	—	125	125
As at December 31, 2025 . .	1,856	(212)	225	189	2,058
(Charge) credit to profit or loss	(119)	37	(38)	(609)	(729)
Credit to other comprehensive income . .	—	—	—	145	145
As at June 30, 2026	1,737	(175)	187	(275)	1,474

The Group

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group has deductible temporary differences of RMB29,464,000, RMB34,552,000, RMB34,165,000 and RMB29,986,000, respectively. As at December 31, 2023, 2024 and 2025 and June 30, 2026, deferred tax assets of RMB3,852,000, RMB4,604,000, RMB5,178,000 and RMB4,842,000, respectively, have been recognised in respect of all of such deductible temporary differences.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group had unused tax losses of RMB10,823,000, RMB35,168,000, RMB31,376,000 and RMB37,558,000, respectively, available for offset against future profits of which deferred tax asset has been recognised in respect of RMB424,000, RMB16,356,000, RMB5,118,000 and RMB1,981,000, respectively. As at December 31, 2023, 2024 and 2025 and June 30, 2026, no deferred tax asset has been recognised in respect of the remaining tax losses of RMB10,399,000, RMB18,812,000, RMB26,258,000 and RMB35,577,000, respectively, due to the unpredictability of future profit streams. As at December 31, 2023, 2024 and 2025 and June 30, 2026, included in unrecognised tax losses are losses of RMB10,399,000, RMB18,812,000, RMB26,258,000 and RMB35,577,000, respectively, with expiry dates ranging from 2024 to 2036.

20. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	7,239	9,366	7,841	13,668
Work-in-progress	4,235	5,018	7,381	5,804
Finished goods	13,441	23,658	24,037	22,762
Goods in transit	2,283	2,510	18,840	19,101
	27,198	40,552	58,099	61,335

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The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	7,239	5,757	4,290	4,624
Work-in-progress	4,235	5,018	6,957	5,653
Finished goods	7,095	13,319	11,218	12,715
Goods in transit	2,885	2,520	14,786	1,933
	<u>21,454</u>	<u>26,614</u>	<u>37,251</u>	<u>24,925</u>

21. TRADE, BILLS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	158,592	195,241	235,211	204,837
Bills receivables	7,976	9,278	25,540	21,971
	<u>166,568</u>	<u>204,519</u>	<u>260,751</u>	<u>226,808</u>
Less: Impairment loss allowance for trade receivables	<u>(3,259)</u>	<u>(2,961)</u>	<u>(3,996)</u>	<u>(3,467)</u>
	<u>163,309</u>	<u>201,558</u>	<u>256,755</u>	<u>223,341</u>
Other receivables and prepayments:				
Advance to suppliers	2,143	2,752	6,953	3,122
Deposits paid for derivative financial instruments	4,336	716	1,604	7,274
Deferred issue costs	–	–	2,543	3,939
Export VAT refund receivable	–	–	1,051	–
Other receivables	<u>1,289</u>	<u>2,261</u>	<u>2,488</u>	<u>3,449</u>
	<u>7,768</u>	<u>5,729</u>	<u>14,639</u>	<u>17,784</u>
Less: Impairment loss allowance for other receivables	<u>(32)</u>	<u>(74)</u>	<u>(15)</u>	<u>(23)</u>
	<u>7,736</u>	<u>5,655</u>	<u>14,624</u>	<u>17,761</u>
	<u>171,045</u>	<u>207,213</u>	<u>271,379</u>	<u>241,102</u>
Analysed as:				
Current	171,028	206,553	270,260	239,769
Non-current	<u>17</u>	<u>660</u>	<u>1,119</u>	<u>1,333</u>
	<u>171,045</u>	<u>207,213</u>	<u>271,379</u>	<u>241,102</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	158,849	154,843	185,741	157,523
Bills receivables	6,976	1,590	718	7,242
	<u>165,825</u>	<u>156,433</u>	<u>186,459</u>	<u>164,765</u>
Less: Impairment loss allowance for trade receivables	<u>(2,253)</u>	<u>(2,016)</u>	<u>(1,973)</u>	<u>(1,778)</u>
	<u>163,572</u>	<u>154,417</u>	<u>184,486</u>	<u>162,987</u>

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	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables and prepayments:				
Advance to suppliers	781	1,201	4,933	1,851
Deposits paid for derivative financial instruments	4,336	716	1,604	7,274
Deferred issue costs	–	–	2,543	3,939
Export VAT refund receivable	–	–	1,051	–
Loan to subsidiaries (<i>note (a)</i>)	–	–	–	12,000
Other receivables	759	599	444	528
	<u>5,876</u>	<u>2,516</u>	<u>10,575</u>	<u>25,592</u>
Less: Impairment loss allowance for other receivables	(21)	(4)	(9)	(16)
	<u>5,855</u>	<u>2,512</u>	<u>10,566</u>	<u>25,576</u>
	<u>169,427</u>	<u>156,929</u>	<u>195,052</u>	<u>188,563</u>
Analysed as:				
Current	169,426	156,779	194,899	188,407
Non-current	1	150	153	156
	<u>169,427</u>	<u>156,929</u>	<u>195,052</u>	<u>188,563</u>

Note

- (a) The amounts as at June 30, 2026 represent the loan to Zhejiang AITEK of RMB10,000,000 and Suzhou Routao of RMB2,000,000, which are both unsecured, carrying a fixed interest rate of 3.45% per annum with the maturity of 12 months. The maximum amount outstanding during the six months ended June 30, 2026 is RMB12,000,000.

As at January 1, 2023, the Group’s and the Company’s trade receivables amounted to RMB68,747,000 and RMB69,093,000 (net of impairment loss allowance of RMB1,408,000 and RMB1,221,000), respectively, and the Group’s and the Company’s bills receivables amounted to RMB3,870,000 and RMB3,770,000 (net of impairment loss allowance of nil and nil), respectively.

The Group and the Company normally grant credit period range from 30 days to 120 days to its customers.

The following is an aging analysis of trade receivables, net of impairment loss allowances, presented based on revenue recognition date at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-30 days	84,822	72,444	60,695	98,039
31-90 days	70,247	90,360	119,760	74,735
91-180 days	264	26,867	50,477	28,083
181-365 days	–	1,503	283	513
Over 1 year	–	1,106	–	–
	<u>155,333</u>	<u>192,280</u>	<u>231,215</u>	<u>201,370</u>

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The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-30 days	77,297	61,283	46,293	59,097
31-90 days	79,277	87,540	98,200	69,708
91-180 days	22	4,004	38,856	23,088
181-365 days	—	—	419	3,852
	<u>156,596</u>	<u>152,827</u>	<u>183,768</u>	<u>155,745</u>

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of RMB19,115,000, RMB33,092,000, RMB28,607,000 and RMB35,052,000, respectively, which are past due but not considered as in default because the management of the Group, according to the historical settlement pattern, industry practice and the Group’s historical actual loss experience, had assessed that the probability of settlement from their customers was high.

The following is an aging analysis of bills receivables, net of impairment loss allowances, presented based on the maturity dates of bills receivables.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days	<u>7,976</u>	<u>9,278</u>	<u>25,540</u>	<u>21,971</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days	<u>6,976</u>	<u>1,590</u>	<u>718</u>	<u>7,242</u>

Movements of impairment loss allowance on trade, bills and other receivables

Movements of impairment loss allowance at lifetime ECL on trade and bills receivables for the Track Record Period.

The Group

	Lifetime ECL not credit-impaired
	RMB'000
As at January 1, 2023	1,408
Impairment loss allowance recognised	<u>1,851</u>
As at December 31, 2023	3,259
Impairment loss allowance reversed	<u>(298)</u>
As at December 31, 2024	2,961
Impairment loss allowance recognised	<u>1,212</u>
Write-offs	<u>(177)</u>
As at December 31, 2025	3,996
Impairment loss allowance reversed	<u>(529)</u>
As at June 30, 2026	<u>3,467</u>

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The Company

	Lifetime ECL not credit- impaired
	<i>RMB'000</i>
As at January 1, 2023	1,221
Impairment loss allowance recognised	1,032
As at December 31, 2023	2,253
Impairment loss allowance reversed	(237)
As at December 31, 2024	2,016
Impairment loss allowance reversed	(43)
As at December 31, 2025	1,973
Impairment loss allowance reversed	(195)
As at June 30, 2026	1,778

Movements of impairment loss allowance on other receivables for the Track Record Period.

The Group

	12m ECL
	<i>RMB'000</i>
As at January 1, 2023	92
Impairment loss allowance reversed	(60)
As at December 31, 2023	32
Impairment loss allowance recognised	42
As at December 31, 2024	74
Impairment loss allowance reversed	(59)
As at December 31, 2025	15
Impairment loss allowance recognised	8
As at June 30, 2026	23

The Company

	12m ECL
	<i>RMB'000</i>
As at January 1, 2023	90
Impairment loss allowance reversed	(69)
As at December 31, 2023	21
Impairment loss allowance reversed	(17)
As at December 31, 2024	4
Impairment loss allowance recognised	5
As at December 31, 2025	9
Impairment loss allowance recognised	7
As at June 30, 2026	16

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22. RECEIVABLES AT FVTOCI

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables at FVTOCI comprise:				
Bills receivables	39,362	73,737	79,870	115,031

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables at FVTOCI comprise:				
Bills receivables	35,945	58,871	65,460	102,712

The Group’s and the Company’s receivables at FVTOCI were bills receivables with the following maturity.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days	39,362	73,737	79,870	115,031

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days	35,945	58,871	65,460	102,712

22A. TRANSFERS OF FINANCIAL ASSETS

22A.1 Transferred financial assets that are not derecognised in their entirety

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the following were the Group’s financial assets that were transferred to suppliers for settlement of trade payables by endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount. These financial assets are carried at amortised cost in the consolidated statements of financial position.

As at December 31, 2023

	Bills endorsed to suppliers with full recourse
	RMB'000
Carrying amount of transferred assets	670
Carrying amount of associated liabilities	(670)
	—

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As at December 31, 2024

	Bills endorsed to suppliers with full recourse
	<i>RMB’000</i>
Carrying amount of transferred assets	7,450
Carrying amount of associated liabilities	<u>(7,450)</u>
	<u>—</u>

As at December 31, 2025

	Bills endorsed to suppliers with full recourse
	<i>RMB’000</i>
Carrying amount of transferred assets	9,705
Carrying amount of associated liabilities	<u>(9,705)</u>
	<u>—</u>

As at June 30, 2026

	Bills endorsed to suppliers with full recourse
	<i>RMB’000</i>
Carrying amount of transferred assets	11,277
Carrying amount of associated liabilities	<u>(11,277)</u>
	<u>—</u>

22A.2 Transferred financial assets that are derecognised in their entirety

As at December 31, 2023, 2024, 2025 and June 30, 2026, the Group had derecognised bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB378,000, RMB59,927,000, RMB21,704,000 and RMB53,887,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings, the Group had transferred substantially all the risks of these bills to relevant banks or suppliers and therefore derecognised these bills.

23. EQUITY INSTRUMENTS AT FVTOCI

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Listed equity securities	<u>10,973</u>	<u>3,898</u>	<u>3,067</u>	<u>2,096</u>

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group held a total of 639,000 ordinary shares of a listed company on the Basic Layer of the National Equities Exchange and Quotations (“BLNEEQ”). The investment is not held-for-trading purposes, The Group has designated it as a equity instrument measured at FVTOCI as the management of the Group believes that recognising short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

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23A. INVESTMENT IN AN ASSOCIATE MEASURED AT FVTPL

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in an associate measured at FVTPL	—	—	—	30,000
	=	=	=	=

In June 2026, the Company, China Silicone Contactor (Shanghai) Co., Ltd. (“CSC”) and the investors of CSC entered into a shareholders’ agreement pursuant to which the Company agreed to subscribe for 188,182 shares of the newly-increased registered capital of CSC with a cash consideration of RMB30,000,000, representing 20.83% equity interests of CSC. Pursuant to the articles of association of CSC, the Group has significant influence on CSC and therefore classified CSC as an associate.

According to the shareholders’ agreement, the investment in CSC is held in the form of a redeemable instrument with several preferential rights which resulted in the Group’s risk and return significantly differing from that of ordinary shareholders. Therefore, the Group presented its investment in CSC as an investment in an associate measured at FVTPL and accounted for it in accordance with IFRS 9.

24. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	—	238,514	86,290	86,636
Contingent consideration arising in acquisition of Suzhou Routao (<i>Note 33</i>)	—	—	—	630
	=	238,514	86,290	87,266
	=	=	=	=
Analysed as:				
Current	—	238,514	86,290	86,636
Non-current	—	—	—	630
	=	238,514	86,290	87,266
	=	=	=	=

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	—	211,082	51,489	69,274
Contingent consideration arising in acquisition of Suzhou Routao (<i>Note 33</i>)	—	—	—	630
	=	211,082	51,489	69,904
	=	=	=	=
Analysed as:				
Current	—	211,082	51,489	69,274
Non-current	—	—	—	630
	=	211,082	51,489	69,904
	=	=	=	=

Wealth management products are managed by licensed financial institutions in the PRC to invest principally in certain financial assets including bonds, trusts or cash funds in accordance with the entrusted agreements entered into between the parties involved. These investments are classified as current as the management of the Group expects to realise these financial assets within twelve months after each reporting period.

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25. RESTRICTED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/CASH AND CASH EQUIVALENTS

The Group and the Company

The Group and the Company’s restricted bank deposits as at December 31, 2024 were resulted from the Company’s new raised bank borrowings of RMB10,000 in 2024, which required a pledge of bills receivables amounting to RMB30,000 per the bank’s requirements. In October 2024, the aforementioned bills receivables were matured and the corresponding proceeds were collected, and the funds amounting to RMB30,000 were deposited into a security deposit account with the bank. As at December 31, 2024, the Company repaid the bank borrowings amounting to RMB10,000, however, the balance in the security deposit account had not yet been withdrawn and thus remained restricted. Bank balances, restricted bank deposits and time deposits with original maturity over three months carried interest at market rates ranging from 0.05% to 1.27%, 0.05% to 5.15%, 0.05% to 3.66%, 0.05% to 3.66% per annum, respectively, as at December 31, 2023, 2024, 2025 and June 30, 2026.

26. TRADE, BILLS AND OTHER PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	22,731	49,580	32,183	55,750
Bills payables	24,186	30,231	17,740	18,448
	46,917	79,811	49,923	74,198
Other payables:				
Payables for acquisition of property, plant and equipment	1,838	2,860	2,227	2,704
Other taxes payables	5,469	3,128	5,253	1,746
Payroll and welfare payables	10,259	16,071	24,357	16,351
Payables for share buyback obligations pursuant to the employee share incentive plan (<i>Note 32</i>)	25,000	25,000	4,500	4,500
Conditional government grants (<i>note (a)</i>)	18,000	18,900	18,000	22,420
Amounts due to non-controlling shareholders (<i>note (b)</i>)	2,830	16,926	9,875	3,774
Payables for incentives to Vendors (defined in <i>note (c)</i>)	—	—	3,000	—
Dividend payable	—	—	77,000	—
Accrued [REDACTED] expense	—	—	6,287	3,676
Accrued [REDACTED] cost	—	—	1,541	758
Other accrued expenses	690	705	879	801
Others	1,337	3,405	5,218	4,645
	65,423	86,995	158,137	61,375
	112,340	166,806	208,060	135,573
Analysed as:				
Current	94,340	148,806	208,060	131,153
Non-current	18,000	18,000	—	4,420
	112,340	166,806	208,060	135,573

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The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	32,053	37,608	25,629	31,422
Bills payables	24,186	30,231	2,741	8,000
	56,239	67,839	28,370	39,422
Other payables:				
Payables for acquisition of property, plant and equipment	1,026	1,281	511	329
Other taxes payables	5,130	2,209	4,936	1,580
Payroll and welfare payables	6,721	11,138	20,854	13,600
Payables for share buyback obligations pursuant to the employee share incentive plan (Note 32)	25,000	25,000	—	—
Amounts due to subsidiaries (note (d))	—	—	—	27,718
Conditional government grants (note (a))	18,000	18,000	18,000	22,420
Amounts due to non-controlling shareholders (note (b))	2,830	3,774	3,774	3,774
Payables for incentives to Vendors (defined in note (c))	—	—	3,000	—
Dividend payable	—	—	77,000	—
Accrued [REDACTED] expense	—	—	6,287	3,676
Accrued [REDACTED] cost	—	—	1,541	758
Other accrued expenses	580	600	571	674
Others	1,308	1,739	3,635	1,719
	60,595	63,741	140,109	76,248
	116,834	131,580	168,479	115,670
Analysed as:				
Current	98,834	113,580	168,479	111,250
Non-current	18,000	18,000	—	4,420
	116,834	131,580	168,479	115,670

Notes:

- (a) The amount represents: 1) government grants amounting to RMB18,000,000 received by the Company for a project, in which the relevant government body would originally inspect and certify whether the project had met the specified conditions by June 2026. If the project did not fulfill the specified conditions and failed to pass the inspection, the Company will need to return part of the government grants. As at December 31, 2023, 2024 and 2025, the management of the Group assessed that the Company has yet to fulfill the conditions of the government grants. As at June 30, 2026, the aforementioned inspection had not yet been completed. Therefore, the balance amounting to RMB18,000,000 remained unchanged; and 2) government grants amounting to RMB900,000 as at December 31, 2024, received by Zhejiang AITEK, which is subject to refund unless certain conditions were fulfilled. Zhejiang AITEK has returned the aforementioned government grants on September 30, 2025 due to failure to meet grant conditions; and 3) government grants amounting to RMB4,420,000 as at June 30, 2026, received by the Company for several projects, which is subject to refund unless certain specific conditions were fulfilled in September 2028 and October 2028, respectively.
- (b) The amounts due to non-controlling shareholders represent: i) the payables for the technical service is trade in nature and provided by a non-controlling shareholder amounting to RMB2,830,000, RMB3,774,000, RMB3,774,000 and RMB3,774,000 as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively. The aging of such payables based on invoice dates as at December 31, 2023 and 2024 are both ranging from 0-30 days. As at December 31, 2025 and June 30, 2026, the aging of such payables based on invoice dates is over one year; and ii) the payables arising from material purchases from the non-controlling shareholder amounting to RMB13,152,000 as at December 31, 2024, of which RMB12,350,000 was non-trade nature as prior to Zhejiang AITEK acquisition, Zhejiang AITEK and its former controlling shareholder entered into a loan

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agreement pursuant to which both parties agree to defer such payment without a fixed maturity and carried a fixed interest at 6% per annum. As at January 1, 2025, Zhejiang AITEK and its former controlling shareholder, who currently is the non-controlling shareholder, entered in to a new loan agreement, modified the rate to 3.45% per annum from that date, set a 2-year term with early repayment permitted at anytime. The aforesaid loan is unsecured and unguaranteed. During the year ended December 31, 2025, the Zhejiang AITEK settled RMB5,000,000 of such payables using bank balances and RMB5,000,000 of such payables using bill receivables. However, for RMB2,666,000 of such bills, as the significant risks and rewards of ownership have not been transferred, Zhejiang AITEK continues to recognise the full carrying amount of RMB2,666,000. As at December 31, 2025, the remaining outstanding balance amounting to RMB6,101,000 is non-trade in nature. At the end of April 2026, the Group has fully repaid the remaining outstanding balance amounting to RMB6,101,000.

- (c) On February 28, 2025, the Company entered into share transfer agreements with two of the shareholders of Zhejiang AITEK, which are the also the key employees of Zhejiang AITEK (the “Vendors”) pursuant to which the Vendors agreed to transfer 5.36% equity interests of Zhejiang AITEK to the Company for a cash consideration of RMB6,000,000. Furthermore, the Company agreed to pay RMB3,000,000 to the Vendors if Zhejiang AITEK’s audited net profit for the year of 2025 excluding non-recurring gains and losses exceeded RMB10,000,000 as an incentive to the Vendors to achieve the performance target. During the six months ended June 30, 2026, the Company has fully paid the aforementioned payables to the Vendors.

- (d) The amounts due to subsidiaries as at June 30, 2026 are unsecured, interest-free and repayable on demand.

The credit period of trade creditors ranged from 0-120 days.

The following is an aging analysis of trade payables presented based on the invoice dates at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
0-30 days	9,820	16,680	16,328	31,112
31-60 days	7,168	13,517	8,459	13,517
61 days-180 days	1,368	14,665	3,021	6,745
Over 180 days	4,375	4,718	4,375	4,376
	<u>22,731</u>	<u>49,580</u>	<u>32,183</u>	<u>55,750</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
0-30 days	19,195	10,469	7,966	7,643
31-60 days	11,491	12,969	4,063	6,218
61 days-180 days	1,367	11,170	10,990	15,062
Over 180 days	—	3,000	2,610	2,499
	<u>32,053</u>	<u>37,608</u>	<u>25,629</u>	<u>31,422</u>

The following is an aging analysis of bills payables presented based on maturity dates at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
0-180 days	<u>24,186</u>	<u>30,231</u>	<u>17,740</u>	<u>18,448</u>

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The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days	24,186	30,231	2,741	8,000

27. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred sales incentives	3,133	3,649	4,885	1,882
Sales of products	–	168	312	514
	<u>3,133</u>	<u>3,817</u>	<u>5,197</u>	<u>2,396</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred sales incentives	3,133	3,649	4,885	1,882
Sales of products	–	5	–	1
	<u>3,133</u>	<u>3,654</u>	<u>4,885</u>	<u>1,883</u>

As at January 1, 2023, the Group’s and the Company’s contract liabilities amounted to RMB3,095,000.

A contract liability represents the Group’s and the Company’s obligation to transfer goods to a customer for which the Group and the Company has received consideration from the customer.

Contract liabilities that are expected to be settled within the Group’s normal operating cycle are classified as current liabilities based on the Group’s earliest obligation to transfer goods to the customers.

The following table shows how much of the revenue recognised that was included in the balance of contract liabilities at the beginning of the year.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred sales incentives	3,095	3,133	3,144	4,114
Sales of products	–	–	15	164
	<u>3,095</u>	<u>3,133</u>	<u>3,159</u>	<u>4,278</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred sales incentives	3,095	3,133	3,144	4,114
Sales of products	–	–	5	–
	<u>3,095</u>	<u>3,133</u>	<u>3,149</u>	<u>4,114</u>

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28. BORROWINGS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	1,000	41,704	68,335	60,120
Sale and leaseback arrangement	—	2,922	701	100
	<u>1,000</u>	<u>44,626</u>	<u>69,036</u>	<u>60,220</u>
Secured and guaranteed (<i>note a</i>)	1,000	2,922	3,012	100
Unsecured and guaranteed (<i>note b</i>)	—	23,648	—	—
Unsecured and unguaranteed	—	18,056	66,024	60,120
	<u>1,000</u>	<u>44,626</u>	<u>69,036</u>	<u>60,220</u>

The carrying amounts of the above bank borrowings are analysed based on contractual repayment date as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable (based on scheduled repayment terms)				
– Within one year	<u>1,000</u>	<u>41,704</u>	<u>68,335</u>	<u>60,120</u>
Amount due for settlement within one year and shown under current liabilities	<u>1,000</u>	<u>41,704</u>	<u>68,335</u>	<u>60,120</u>

The carrying amounts of the above other borrowings are analysed based on contractual repayment date as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable (based on scheduled repayment terms)				
– Within one year	—	2,221	701	100
– More than one year but not exceeding two years	—	701	—	—
	—	<u>2,922</u>	<u>701</u>	<u>100</u>
Less: Amount due for settlement within one year and shown under current liabilities	—	<u>(2,221)</u>	<u>(701)</u>	<u>(100)</u>
Amounts shown under non-current liabilities	—	<u>701</u>	<u>—</u>	<u>—</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	<u>1,000</u>	—	<u>20,000</u>	<u>20,000</u>
Secured and unguaranteed	1,000	—	—	—
Unsecured and unguaranteed	—	—	20,000	20,000
	<u>1,000</u>	—	<u>20,000</u>	<u>20,000</u>

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Notes:

- (a) These borrowings are secured by certain of the Group’s bills receivables and machinery as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively.
- (b) These borrowings are unsecured and guaranteed by non-controlling shareholders of Zhejiang AITEK and an independent third party.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group’s and the Company’s borrowings are all denominated in RMB and carried fixed rate interest rates.

As at December 31, 2023, the effective interest rate (which are also equal to contracted interest rate) on the Group’s borrowing is 3.65% per annum. As at December 31, 2024, the effective interest rate (which are also equal to contracted interest rate) on the Group’s borrowing is from 3.10% to 5.00% per annum. As at December 31, 2025 and June 30, 2026, the effective interest rate (which are also equal to contracted interest rate) on the Group’s borrowing is from 2.15% to 3.30% per annum.

In respect of borrowings as at December 31, 2023, 2024, 2025 and June 30, 2026, the Group is not required to comply with significant financial covenants throughout the continuance of the relevant borrowings.

29. LEASE LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities payable:				
Within one year	1,642	4,867	4,055	4,003
Within a period of more than one year but not exceeding two years	2,319	4,823	1,504	2,077
Within a period of more than two years but not exceeding five years	1,635	497	675	327
	<u>5,596</u>	<u>10,187</u>	<u>6,234</u>	<u>6,407</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(1,642)</u>	<u>(4,867)</u>	<u>(4,055)</u>	<u>(4,003)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>3,954</u>	<u>5,320</u>	<u>2,179</u>	<u>2,404</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities payable:				
Within one year	629	853	908	969
Within a period of more than one year but not exceeding two years	106	1,497	589	279
	<u>735</u>	<u>2,350</u>	<u>1,497</u>	<u>1,248</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(629)</u>	<u>(853)</u>	<u>(908)</u>	<u>(969)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>106</u>	<u>1,497</u>	<u>589</u>	<u>279</u>

For the year ended December 31, 2023, the Group’s and the Company’s incremental borrowing rates applied to lease liabilities ranged from 4.20% to 4.30% and at 4.30%, respectively.

For the year ended December 31, 2024, the Group’s and the Company’s incremental borrowing rates applied to lease liabilities ranged from 3.85% to 4.30% and from 3.85% to 4.30%, respectively.

For the year ended December 31, 2025, the Group’s and the Company’s incremental borrowing rates applied to lease liabilities ranged from 3.50% to 4.30% and from 3.85% to 4.30%, respectively.

For the six months ended June 30, 2026, the Group’s and the Company’s incremental borrowing rates applied to lease liabilities both ranged from 3.50% to 4.30%.

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30. DEFERRED INCOME

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning	3,523	3,102	2,740	2,378
Released to other income	(421)	(362)	(362)	(180)
Balance at the end	<u>3,102</u>	<u>2,740</u>	<u>2,378</u>	<u>2,198</u>
Analysed as:				
Current	362	362	362	362
Non-current	<u>2,740</u>	<u>2,378</u>	<u>2,016</u>	<u>1,836</u>
	<u>3,102</u>	<u>2,740</u>	<u>2,378</u>	<u>2,198</u>

Deferred income consists of government grants provided by the relevant PRC government authorities for the purposes of financing the purchase of plant. The amounts are recognised as income to match with the related expenses or on systematic basis over the useful lives of the relevant assets starting from the completion of inspection by the related government authorities.

31. SHARE CAPITAL

All shares issued by the Company are fully paid domestic shares. The par value is RMB1. The Company’s number of shares issued and their nominal value are as follows:

	Number of ordinary shares	Share capital
	'000	RMB'000
Registered and fully paid:		
As at January 1, 2023, December 31, 2023, and December 31, 2024	34,559	34,559
Issuance of restricted shares under 2025 Restricted Share Incentive Scheme (<i>note</i>)	<u>1,440</u>	<u>1,440</u>
As at December 31, 2025 and June 30, 2026	<u>35,999</u>	<u>35,999</u>

Note: On December 24, 2025, the Company issued 1,439,967 restricted shares under 2025 Restricted Share Incentive Scheme at the subscription price of RMB25.00 per share. The net amount received by the Company amounted to RMB36,000,000, among which 179,996 shares (amounted to RMB4,500,000) issued to Shanghai Demao, which is controlled by the Company, are accounted for as the Group’s treasury shares. Details of 2025 Restricted Share Incentive Scheme are set out in Note 32.

Pursuant to the resolution of the Shareholders dated December 31, 2025, the ordinary shares have been split on a one-for-ten basis immediately prior to the [REDACTED], and the nominal value of the ordinary shares has been changed from RMB1 to RMB0.1 each. Immediately after the share subdivision, the registered share capital of the Company is RMB35,999,178 with 359,991,780 shares in a nominal value of RMB0.1 each.

32. SHARE-BASED PAYMENT

2020 Restricted Share Incentive Scheme

In June 2020, the Company adopted a restricted share incentive scheme (“2020 scheme”) pursuant to “SSI New Material Share Incentive Plan” (“鎮江貝斯特新材料有限公司股權激勵方案”) approved by the Company’s shareholders. The primary purpose of this incentive scheme is to motivate and retain the Company’s senior executives, reward them for their efforts in improving the Company’s performance and to further link the eligible person’s interest with those of the Company’s shareholders generally. Under the 2020 scheme, Dr. Guo Mingbo was granted with 1,315,789 shares at a consideration of RMB25,000,000 whose vesting is subject to a five-year service period. The Company has a right to repurchase or assign a third-party to repurchase the underlying unvested restricted shares from Dr. Guo Mingbo at the original subscription price if Dr. Guo Mingbo resigned from the Group before the restricted shares are vested.

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As at December 31, 2023, 2024 and 2025 and June 30, 2026, the original outstanding number of restricted shares granted under 2020 scheme was 1,315,789, 1,315,789, nil and nil shares, respectively. Pursuant to the Company’s shareholders’ resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, as at December 31, 2023, 2024 and 2025, the outstanding number of restricted shares granted under 2020 scheme were retrospectively adjusted to 13,157,890 shares, 13,157,890, nil shares and nil shares, respectively.

The share-based payment expense is determined based on fair value of the restricted shares per share at grant date is RMB11.40 (without taking consideration of the impact of aforementioned share subdivision), determined by making reference to the recent share prices of the Company’s shares subscribed by the investors close to the grant date less the consideration paid by Dr. Guo Mingbo.

2022 Restricted Share Incentive Scheme

In December 2022, the Company adopted a restricted share incentive scheme (“2022 scheme”) pursuant to “SSI New Material Management and Key Employee Shareholding Implementation Plan” (“鎮江貝斯特新材料有限公司管理層及核心骨幹員工持股管理辦法”) approved by the Company’s shareholders in November 2020. 2022 scheme granted senior executives and key employees by indirect ownership of the Company’s share through ownership of Zhenjiang Demao Enterprise Management Consulting Partnership (Limited Partnership) (“Zhenjiang Demao”), an employee shareholding platform established in November 2020 with Dr. Guo Mingbo serving as the general partner and managing partner. According to the “SSI New Material Management and Key Employee Shareholding Implementation Plan”, Dr. Guo Mingbo has the right to repurchase or to assign a third-party to repurchase underlying unvested restricted shares from the grantees at the original subscription price plus interests calculated at an interest rate of one-year fixed deposit interest rate issued by The People’s Bank of China at the date when the repurchasing occurs if the grantee resigned from the Group before the restricted shares are vested. Under the 2022 scheme, 59,210 shares were granted with a five-year vesting period commencing from the date of granting the shares or until the Company complete its [REDACTED], whichever is later.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the original outstanding number of restricted shares granted under 2022 scheme was 59,210, 59,210, 59,210 shares and 59,210 shares, respectively. Pursuant to the Company’s shareholders’ resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, as at December 31, 2023, 2024 and 2025 and June 30, 2026, the outstanding number of restricted shares granted under 2022 scheme were retrospectively adjusted to 592,100 shares, 592,100 shares, 592,100 shares and 592,100 shares, respectively.

The share-based payment expense is determined based on fair value of the restricted shares per share at grant date is RMB2.43 (without taking consideration of the impact of aforementioned share subdivision), determined using discounted cash flow model to calculate the underlying equity value of the Company as at grant date less the consideration paid by the grantee.

2023 Restricted Share Incentive Scheme

In December 2023, the Company adopted a restricted share incentive scheme (“2023 scheme”) by granting Dr. Guo Mingbo indirect ownership of the Company’s share through ownership of the Company’s shareholder, Zhengxin Dexu. Dr. Guo Mingbo entered into a capital injection agreement with Zhengxin Dexu to acquire 6.6% equity interest in Zhengxin Dexu, equivalent to 1,382,368 shares of the Company, whose vesting periods commenced from the grant date until December 31, 2030, or until the Company completes its [REDACTED], whichever is earlier. Zhengxin Dexu has a right to repurchase or assign a third-party to repurchase the unvested restricted shares from Dr. Guo Mingbo at the amount paid by Dr. Guo Mingbo for the acquiring those shares less any dividend Dr. Guo Mingbo received from holding such shares if Dr. Guo Mingbo resigned from the Group before the restricted shares are vested.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the original outstanding number of restricted shares granted under 2023 scheme was 1,382,368 shares, 1,382,368 shares, 1,382,368 shares and 1,382,368 shares, respectively. Pursuant to the Company’s shareholders’ resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, as at December 31, 2023, 2024 and 2025 and June 30, 2026, the outstanding number of restricted shares granted under 2023 scheme were retrospectively adjusted to 13,823,680 shares, 13,823,680 shares, 13,823,680 shares and 13,823,680 shares respectively.

The fair value of the restricted shares per share at the grant date is RMB6.24 (without taking consideration of the impact of the aforementioned share subdivision), determined based on the fair value of Zhengxin Dexu’s equity, which approximates the fair value of its net assets, less the consideration paid by Dr. Guo Mingbo. Zhengxin Dexu’s net assets were comprised of equity investment of the Company, which was measured at fair value determined using discounted cash flow model, and net liabilities as at the grant date.

In November 2025, Zhengxin Dexu, Dr. Guo Mingbo and the Company have collectively signed a share transfer agreement to replace Dr. Guo Mingbo’s indirect ownership of the Company’s 13,823,680 shares through 6.6% equity interest in Zhengxin Dexu which was granted to Dr. Guo Mingbo under 2023 Scheme, with Dr. Guo Mingbo’s direct ownership of

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the Company’s 13,823,680 shares transferred by Zhengxin Dexu. This modification to 2023 Scheme will result in an increase of the fair value of the equity instrument granted to Dr. Guo Mingbo amounting to RMB7,640,000, which will be expensed over the remaining vesting period starting from November 2025 to December 31, 2030 or to the completion of the Company’s [REDACTED], whichever is earlier.

2025 Restricted Share Incentive Scheme

In December 2025, the Company adopted a restricted share incentive scheme (“2025 Scheme”) pursuant to “SSI New Material Implementation Plan of Capital Injection by Management” (“鎮江貝斯特新材料有限公司管理層及核心骨幹員工持股管理辦法”) approved by the Company’s board of directors in December 2025. Under the 2025 Scheme, Mr. Li Chengbin will be granted direct ownership of 1,259,971 shares at a consideration of RMB31,500,000, and five other executives and key employees will be granted indirect ownership of 179,996 shares through Shanghai Demao at a consideration of RMB4,500,000. Pursuant to the Company’s shareholders’ resolution on December 31, 2025, each share of the Company was subdivided into ten shares. Therefore, after the completion of the aforesaid share subdivision, under the 2025 Scheme, Mr. Li Chengbin was granted direct ownership of 12,599,710 shares and five other executives and key employees were granted indirect ownership of 1,799,960 shares through Shanghai Demao, respectively. As at December 31, 2025 and June 30, 2026, the outstanding number of restricted shares granted under 2025 Scheme, having considered the share subdivision, are 14,399,670 shares and 14,399,670 shares. The vesting period of the 2025 scheme will be divided into two tranches. The first 40% of the shares granted will vest upon the completion of three-year service period commencing from September 24, 2024 or 12 months after the Company’s [REDACTED], whichever is later. The second 60% of the shares will vest upon the six-year service period commencing from September 24, 2024.

For the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 and 2026, the Group recognised the total expenses of RMB3,131,000, RMB4,262,000, RMB3,329,000, RMB2,130,000 (unaudited) and RMB4,040,000, respectively, in relation to the restricted share incentive schemes (“Schemes”) as mentioned above.

The following table discloses movement of the above Schemes during the year ended December 31, 2023, 2024 and 2025 and June 30, 2026 (the fair value of restricted shares granted per share, subscription price and outstanding share numbers are adjusted for the impact of the aforementioned share subdivision):

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2023	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at December 31, 2023
	RMB	RMB					
2020 scheme	1.14	1.90	13,157,890	–	–	–	13,157,890
2022 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme (Note (b))	0.62 (Note (a))	2.32	–	13,823,680	–	–	13,823,680
			13,749,990	13,823,680	–	–	27,573,670

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2024	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at December 31, 2024
	RMB	RMB					
2020 scheme	1.14	1.90	13,157,890	–	–	–	13,157,890
2022 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme (Note (b))	0.62 (Note (a))	2.32	13,823,680	–	–	–	13,823,680
			27,573,670	–	–	–	27,573,670

Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2025	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at December 31, 2025
	RMB	RMB					
2020 scheme	1.14	1.90	13,157,890	–	(13,157,890)	–	–
2022 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme (Note (b))	0.62 (Note (a))	2.32	13,823,680	–	–	–	13,823,680
2025 scheme	4.27	2.50	–	14,399,670	–	–	14,399,670
			27,573,670	14,399,670	(13,157,890)	–	28,815,450

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Scheme	Fair value of restricted shares	Subscription price	Outstanding at January 1, 2026	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at June 30, 2026
	RMB	RMB					
2022 scheme	0.24	3.04	592,100	–	–	–	592,100
2023 scheme (<i>Note (b)</i>)	0.62 (<i>Note (a)</i>)	2.32	13,823,680	–	–	–	13,823,680
2025 scheme	4.27	2.5	14,399,670	–	–	–	14,399,670
			28,815,450	–	–	–	28,815,450
				=	=	=	

Notes:

- (a) The fair value of restricted shares per share RMB0.62 (before adjustment of the impact of the aforementioned share subdivision: RMB6.24) was determined based on the fair value of Zhengxin Dexu’s equity less the consideration paid by the grantee.
- (b) 13,823,680 shares represents the number of the Company’s shares held by Dr. Guo Mingbo through his 6.6% equity interests in Zhengxin Dexu.

33. ACQUISITION OF SUBSIDIARIES

Acquisition of Zhejiang AITEK in 2024

On December 31, 2024, the Company and Zhejiang AITEK (the “Target”) entered into a shareholders’ agreement pursuant to which the Company agreed to subscribe for RMB28,000,000 of the newly-increased registered capital of Zhejiang AITEK with a cash consideration of RMB30,000,000, representing 50% equity interests of Zhejiang AITEK. Upon the completion of the transaction on December 31, 2024, according to the Articles of Association of Zhejiang AITEK, the Group has the majority voting power in the board of directors of Zhejiang AITEK, by which the relevant activities that significantly affect the return of Zhejiang AITEK are determined on a simple majority basis at the board of director’s meetings. Accordingly, Zhejiang AITEK is accounted for as a non-wholly owned subsidiary of the Group at the acquisition date of December 31, 2024. The acquisition has been accounted for as acquisition of business using the acquisition method.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	<i>RMB’000</i>
Property, plant and equipment	32,771
Right-of-use assets	2,922
Intangible assets	8,651
Deferred tax assets	2,336
Prepayment for acquisition of property, plant and equipment	4,241
Inventories	13,664
Trade, bills and other receivables	58,689
Receivables at FVTOCI	1,173
VAT recoverable	1,011
Cash and cash equivalents	29,635
Trade, bills and other payables	(47,320)
Contract liabilities	(160)
Lease liabilities	(3,785)
Deferred tax liabilities	(1,090)
Borrowings	(44,626)
	<u>58,112</u>

The receivables acquired (which principally comprised trade, bills and other receivables) with a fair value of RMB58,689,000 at the date of acquisition had gross contractual amounts of RMB58,812,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB473,000.

Non-controlling interests

The non-controlling interests (50%) in Zhejiang AITEK recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Zhejiang AITEK and amounted to RMB29,056,000.

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Goodwill arising on acquisition

	<i>RMB’000</i>
Cash consideration	30,000
Plus: non-controlling interests (50.00% in Zhejiang AITEK)	29,056
Less: Fair value of identifiable net assets acquired	(58,112)
Goodwill arising on acquisition	<u>944</u>

Goodwill arose on the acquisition of Zhejiang AITEK because the acquisition included the assembled workforce of Zhejiang AITEK and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Zhejiang AITEK

	<i>RMB’000</i>
Cash consideration paid	30,000
Add: cash and cash equivalents acquired	(29,635)
	<u>365</u>

No acquisition-related costs have been incurred.

Impact of acquisition on the results of the Group

As the acquisition of Zhejiang AITEK is completed on December 31, 2024, there are no revenue and profit for the year attributable to Zhejiang AITEK been included in the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2024.

Had the acquisition of Zhejiang AITEK been completed on January 1, 2024, revenue for the year ended December 31, 2024 of the Group would have been RMB469,951,000 and profit for the year would have been RMB112,897,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

In determining the ‘pro-forma’ revenue and profit of the Group had Zhejiang AITEK been acquired at January 1, 2024, the directors of the Company calculated depreciation of property, plant and equipment and amortisation of intangible assets based on the recognised amounts of property, plant and equipment and intangible assets at the date of the acquisition.

Acquisition of Suzhou Routao in 2026

On June 24, 2026, the Company, a shareholder of Suzhou Routao (the “Original Shareholder”) and Suzhou Routao entered into a share transfer agreement (the “Shareholders’ Agreement A”) pursuant to which the Company agreed to acquire 40.00% equity interest in Suzhou Routao for a consideration of RMB6,660,000 from the Original Shareholder. On June 26, 2026, the Company, Suzhou Routao and the other existing shareholder of Suzhou Routao entered into an equity subscription agreement (the “Shareholders’ Agreement B”). Pursuant to the Shareholders’ Agreement B, the Company agreed to subscribe to 2,732,459 shares of the newly-increased registered capital of Suzhou Routao (“Capital Injection”), representing an increase of 19.14% equity interest in Suzhou Routao after the capital injection, for a cash consideration of RMB10,000,000 as well as a contingent consideration to be determined under a contingent arrangement (“Contingent Consideration”). Pursuant to the contingent arrangement specified in the Shareholder’s Agreement B, the Company is granted the right to downward adjust the pre-investment valuation of Suzhou Routao to an extent that enables the Company to acquire an additional 1.40% equity interest in Suzhou Routao for nil consideration if Suzhou Routao fails to meet both (i) the revenue performance target for the year 2028 and (ii) becoming qualified supplier for certain strategic potential clients by the end of 2027. Upon the completion of the aforesaid Capital Injection, the Company’s aggregate shareholding in Suzhou Routao increased from 40.00% to 59.14%.

According to the Shareholders’ Agreements and the articles of association of Suzhou Routao, the Company has the majority voting power in the board of directors of Suzhou Routao, by which the relevant activities that significantly affect the return of Suzhou Routao are determined on a simple majority basis, and accordingly, Suzhou Routao became a non-wholly owned subsidiary of the Group at the acquisition date of June 30, 2026, being the closing date of the investment. The acquisition has been accounted for using the acquisition method.

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The directors of the Company have determined at the acquisition date that the fair value of the contingent consideration amounted to RMB630,000 based on a business forecast of Suzhou Routao. The business forecast of Suzhou Routao is prepared with reference to the past performance and the business plan of Suzhou Routao, among others. The contingent consideration is recognised as financial assets measured at FVTPL.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	<i>RMB'000</i>
Property, plant and equipment	1,434
Right-of-use assets	438
Intangible assets	1,260
Inventories	737
Trade, bills and other receivables	655
Value-added tax recoverable	38
Cash and cash equivalents	11,733
Trade, bills and other payables	(1,094)
Amount due to the Company	(2,000)
Contract liabilities	(352)
Lease liabilities	(438)
Deferred tax liabilities	(205)
	<u>12,206</u>

The fair value of receivables (which principally comprised trade, bills and other receivables) at the date of acquisition amounted to RMB655,000, which is equivalent to the gross contractual amounts of those receivables acquired at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

Non-controlling interests

The non-controlling interests (40.86%) in Suzhou Routao recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Suzhou Routao and amounted to RMB4,987,000.

Goodwill arising on acquisition

	<i>RMB'000</i>
Cash consideration	16,660
Less: contingent consideration	(630)
Plus: non-controlling interests (40.86% in Suzhou Routao)	4,987
Less: Fair value of identifiable net assets acquired	(12,206)
Goodwill arising on acquisition	<u>8,811</u>

Goodwill arose on the acquisition of Suzhou Routao because the acquisition included the assembled workforce of Suzhou Routao and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Suzhou Routao

	<i>RMB'000</i>
Cash consideration paid	16,660
Add: cash and cash equivalents acquired	(11,733)
	<u>4,927</u>

No acquisition-related costs have been incurred.

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Impact of acquisition on the result of the Group

As the acquisition of Suzhou Routao is completed on June 30, 2026, no revenue and profit attributable to Suzhou Routao was included in the consolidated statements of profit or loss and other comprehensive income for the six months ended June 30, 2026.

Had the acquisition of Suzhou Routao been completed on January 1, 2026, revenue for the six months ended June 30, 2026 of the Group would have been RMB366,267,000 and profit for the period would have been RMB69,382,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2026, nor is it intended to be a projection of future results.

In determining the ‘pro-forma’ revenue and profit of the Group had Suzhou Routao been acquired at January 1, 2026, the directors of the Company calculated depreciation of property, plant and equipment and amortisation of intangible assets based on the recognised amounts of property, plant and equipment and intangible assets at the date of the acquisition.

34. PLEDGE OF ASSETS

The following assets have been pledged to various banks for securing of the Group’s banking facilities at the end of each reporting period:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Property, plant and equipment	–	6,877	5,615	5,074
Bills receivables	3,530	–	–	–
Restricted bank deposits	–	30	–	–
	<u>3,530</u>	<u>6,907</u>	<u>5,615</u>	<u>5,074</u>

35. CAPITAL COMMITMENTS

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Capital expenditure in respect of acquisition of property, plant and equipment and intangible assets contracted for but not provided in the Historical Financial Information .	234	3,077	5,443	10,736

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	Lease Liabilities	Amount due to a non-controlling shareholder	Dividend payable	Accrued [REDACTED] costs	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2023	–	3,527	–	–	–	3,527
Financing cash flows	1,000	(1,975)	–	(34,559)	–	(35,534)
Non-cash changes	–	(6,868)	–	–	–	(6,868)
Interest expenses	*	207	–	–	–	207
New lease entered	–	10,705	–	–	–	10,705
Dividend declared	–	–	–	34,559	–	34,559
At December 31, 2023	1,000	5,596	–	–	–	6,596
Net financing cash flows .	(1,030)	(2,816)	–	(40,780)	–	(44,626)

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	Borrowings	Lease Liabilities	Amount due to a non- controlling shareholder	Dividend payable	Accrued [REDACTED] costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Acquisition of Zhejiang						
AITEK (Note 33)	44,626	3,785	12,350	—	—	60,761
Interest expenses	30	231	—	—	—	261
New lease entered	—	3,391	—	—	—	3,391
Dividend declared	—	—	—	40,780	—	40,780
As at December 31, 2024 . .	44,626	10,187	12,350	—	—	67,163
Net financing cash flows .	23,081	(4,411)	(5,000)	(240,780)	(1,002)	(228,112)
Non-cash changes	—	(187)	(1,532)	—	2,543	824
Interest expenses	1,329	340	283	—	—	1,952
New lease entered	—	305	—	—	—	305
Dividend declared	—	—	—	317,780	—	317,780
As at December 31, 2025 . .	69,036	6,234	6,101	77,000	1,541	159,912
Net financing cash flows .	(9,238)	(2,326)	—	(77,000)	(2,179)	(90,743)
Acquisition of Suzhou						
Routao (Note 33)	—	438	—	—	—	438
Non-cash changes	—	—	(6,122)	—	1,396	(4,726)
Interest expenses	422	122	21	—	—	565
New lease entered	—	1,939	—	—	—	1,939
As at June 30, 2026	60,220	6,407	—	—	758	67,385
As at January 1, 2025	44,626	10,187	12,350	—	—	67,163
Net financing cash flows .	7,257	(2,151)	(5,000)	(40,780)	—	(40,674)
Non-cash changes	—	—	802	—	—	802
Interest expenses	56	191	157	—	—	404
New lease entered	—	305	—	—	—	305
Dividend declared	—	—	—	40,780	—	40,780
As at June 30, 2025	51,939	8,532	8,309	—	—	68,780

* Less than RMB1,000.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Equity instruments at FVTOCI	10,973	3,898	3,067	2,096
Investment in an associate measured at FVTPL	—	—	—	30,000
Receivables at FVTOCI	39,362	73,737	79,870	115,031
Financial assets at FVTPL	—	238,514	86,290	87,266
Derivative financial assets	—	11	32	762
Financial assets at amortised cost (including cash and cash equivalents).	435,164	332,551	443,505	365,120
	485,499	648,711	612,764	600,275
Financial liabilities				
Derivative financial liabilities	327	—	—	—
Financial liabilities at amortised cost .	78,922	172,628	228,607	154,475
	79,249	172,628	228,607	154,475

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The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Equity instruments at FVTOCI	10,973	3,898	3,067	2,096
Investment in an associate measured at FVTPL	—	—	—	30,000
Receivables at FVTOCI	35,945	58,871	65,460	102,712
Financial assets at FVTPL	—	211,082	51,489	69,904
Derivative financial assets	—	11	32	762
Financial assets at amortised cost (including cash and cash equivalents).	419,086	244,147	349,547	280,603
	<u>466,004</u>	<u>518,009</u>	<u>469,595</u>	<u>486,077</u>
Financial liabilities				
Derivative financial liabilities	327	—	—	—
Financial liabilities at amortised cost	87,403	99,633	144,118	97,396
	<u>87,730</u>	<u>99,633</u>	<u>144,118</u>	<u>97,396</u>

(b) Financial risk management objectives and policies

The Group’s and the Company’s major financial instruments include trade, bills and other receivables, receivables at FVTOCI, investment in an associate measured at FVTPL, equity instruments at FVTOCI, financial assets at FVTPL, restricted bank deposits, time deposits with original maturity over three months, cash and cash equivalents, trade, bills and other payables, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits and time deposits with original maturity over three months (Note 25), fixed-rate borrowings (Note 28) and lease liabilities (Note 29). The Group is also exposed to cash flow interest rate in relation to variable-rate bank balances (Note 25). The Group’s cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis is presented since the management of the Group considers the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties will default on its contractual obligations resulting in financial loss to the Group. The Group’s credit risk exposures are primarily attributable to trade, bills and other receivables, receivables at FVTOCI, restricted bank deposits, time deposits with original maturity over three months and bank balances.

Trade and bills receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade and bills receivables at end of each reporting period to ensure that adequate impairment losses allowance are made for irrecoverable amounts. In this regard, the management consider that the Group’s credit risk is significantly reduced.

The Group has concentration of credit risk as 44.69% and 91.74%, 23.00% and 76.48%, 26.93% and 82.21% and 18.94% and 66.73% of the total trade receivables was due from the Group’s largest customer and five largest customers at December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

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For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The Group determines the ECL on these items on an individual basis for customer with significant balance and the remaining is estimated collectively by using a provision matrix, based on historical credit loss experience and the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group’s credit risk gradings to categorise exposures according to their degree of risk of default.

Other receivables

For other receivables, the Group has applied the general approach in IFRS 9 to measure the impairment loss allowance at 12m ECL, since the directors of the Company assessed that there has not been any significant increase in credit risk.

In determining the ECL, the management of the Group has taken into account the historical credit loss experience based on the past default experience of the counterparty, general economic conditions of the industry in which the counterparty operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Restricted bank deposits, time deposits with original maturity over three months, bank balances and receivables at FVTOCI

The restricted bank deposits, time deposits with original maturity over three months, bank balances and receivables at FVTOCI are determined to have low credit risk at the end of each reporting period. The credit risk on restricted bank deposits, time deposits with original maturity over three months, bank balances and receivables at FVTOCI is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

The Group’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and bills receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime EC – not credit impaired	Lifetime ECL – not credit-impaired
Loss.	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets which are subjected to ECL assessment:

The Group

December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	166,568
Other receivables	21	Low risk	12m ECL	5,625
Cash and cash equivalents . . .	25	Low risk	12m ECL	266,262
Receivables at FVTOCI	22	Low risk	Lifetime ECL	39,362
December 31, 2024	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	204,519
Other receivables	21	Low risk	12m ECL	2,977
Restricted bank deposits	25	Low risk	12m ECL	30
Time deposits with original maturity over three months . .	25	Low risk	12m ECL	23,154
Cash and cash equivalents . . .	25	Low risk	12m ECL	104,906
Receivables at FVTOCI	22	Low risk	Lifetime ECL	73,737
December 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	260,751
Other receivables	21	Low risk	12m ECL	4,092
Cash and cash equivalents . . .	25	Low risk	12m ECL	182,673
Receivables at FVTOCI	22	Low risk	Lifetime ECL	79,870
June 30, 2026	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	226,808
Other receivables	21	Low risk	12m ECL	10,723
Cash and cash equivalents . . .	25	Low risk	12m ECL	131,079
Receivables at FVTOCI	22	Low risk	Lifetime ECL	115,031

The Company

December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	165,825
Other receivables	21	Low risk	12m ECL	5,095
Cash and cash equivalents . . .	25	Low risk	12m ECL	250,440
Receivables at FVTOCI	22	Low risk	Lifetime ECL	35,945

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December 31, 2024	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	156,433
Other receivables	21	Low risk	12m ECL	1,315
Restricted bank deposits	25	Low risk	12m ECL	30
Time deposits with original maturity over three months . .	25	Low risk	12m ECL	23,154
Cash and cash equivalents . . .	25	Low risk	12m ECL	65,235
Receivables at FVTOCI	22	Low risk	Lifetime ECL	58,871
December 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	186,459
Other receivables	21	Low risk	12m ECL	2,048
Cash and cash equivalents . . .	25	Low risk	12m ECL	163,022
Receivables at FVTOCI	22	Low risk	Lifetime ECL	65,460
June 30, 2026	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Trade and bills receivables . . .	21	Low risk	Lifetime ECL (not credit impaired)	164,765
Other receivables	21	Low risk	12m ECL	19,802
Cash and cash equivalents . . .	25	Low risk	12m ECL	97,830
Receivables at FVTOCI	22	Low risk	Lifetime ECL	102,712

As part of the Group’s credit risk management, the Group applies internal credit rating for its customers. The following tables provide information about the exposure to credit risk for trade receivables which are assessed based on a provision matrix grouped by internal credit rating considering aging of the receivables as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively, within lifetime ECL (not credit-impaired) and other financial assets measured at amortised cost. The Group’s trade receivables from debtors with significant balance with gross carrying amounts of RMB145,501,000, RMB153,295,000, RMB199,619,000 and RMB161,108,000 as at December 31, 2023, 2024, 2025 and June 30, 2026 were assessed individually, respectively.

The Group

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Gross carrying amount
RMB'000		
Trade receivables aged		
0-30 days	2.04%	8,466
31-90 days	2.00%	4,357
91-180 days	2.00%	268
		13,091
Bills receivables aged 0-180 days	—	7,976
Other receivables	0.57%	5,625
Cash and cash equivalents	—	266,262

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Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	1.83%	18,723
31-90 days	1.60%	18,936
91-180 days	2.15%	4,287
Total		41,946
Bills receivables aged 0-180 days	–	9,278
Other receivables	2.48%	2,977
Restricted bank deposits	–	30
Time deposits with original maturity over three months	–	23,154
Cash and cash equivalents	–	104,906

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	1.14%	9,281
31-90 days	1.51%	21,400
91-180 days	1.18%	4,911
		35,592
Bills receivables aged 0-180 days	–	25,540
Other receivables	0.37%	4,092
Cash and cash equivalents	–	182,673

Gross carrying amounts as at June 30, 2026

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	1.18%	24,780
31-90 days	1.20%	16,141
91-180 days	1.39%	2,808
		43,729
Bills receivables aged 0-180 days	–	21,971
Other receivables	0.22%	10,723
Cash and cash equivalents	–	131,079

The Company

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	2.03%	3,979
31-90 days	2.00%	1,257
91-180 days	2.00%	21
		5,257
Bills receivables aged 0-180 days	–	6,976
Other receivables	0.41%	5,095
Cash and cash equivalents	–	250,440

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Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	2.00%	14,164
31-90 days	2.00%	8,349
91-180 days	2.00%	86
		<u>22,599</u>
Bills receivables aged 0-180 days	—	1,590
Other receivables	0.30%	1,315
Restricted bank deposits	—	30
Time deposits with original maturity over three months	—	23,154
Cash and cash equivalents		<u>65,235</u>

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	2.00%	3,727
31-90 days	2.00%	11,874
91-180 days	2.00%	6
		<u>15,607</u>
Bills receivables aged 0-180 days	—	718
Other receivables	0.44%	2,048
Cash and cash equivalents		<u>163,022</u>

Gross carrying amounts as at June 30, 2026

	Weighted average loss rate	Gross carrying amount
		<i>RMB'000</i>
Trade receivables aged		
0-30 days	2.00%	8,613
31-90 days	2.00%	2,607
91-180 days	2.00%	103
		<u>11,323</u>
Bills receivables aged 0-180 days	—	7,242
Other receivables	0.08%	19,802
Cash and cash equivalents	—	<u>97,830</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

During the years ended December 31, 2023, 2024, 2025 and June 30, 2026, based on the provision matrix, the Group’s net impairment loss allowance for trade receivables recognised amounted to RMB1,851,000, reversed amounted to RMB298,000, recognised amounted to RMB1,212,000 and reversed amounted to RMB572,000, respectively. No provision of net impairment loss allowance was individually made on trade receivables from debtors during the years ended December 31, 2023, 2024, 2025 and June 30, 2026 with significant balance.

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Liquidity risk

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

The following table details the Group’s and the Company’s contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	On demand or less than 1 year	1-2 years	2-5 years	Total undiscounted cash flows	Total carrying amounts
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023						
Borrowings						
– Fixed rates	3.65	1,000	–	–	1,000	1,000
Trade payables	–	22,731	–	–	22,731	22,731
Bills payables	–	24,186	–	–	24,186	24,186
Other payables	–	31,005	–	–	31,005	31,005
Lease liabilities	4.20	1,647	2,598	1,813	6,058	5,596
		<u>80,569</u>	<u>2,598</u>	<u>1,813</u>	<u>84,980</u>	<u>84,518</u>
As at December 31, 2024						
Borrowings						
– Fixed rates	3.84	45,367	701	–	46,068	44,626
Trade payables	–	49,580	–	–	49,580	49,580
Bills payables	–	30,231	–	–	30,231	30,231
Other payables	–	35,841	–	–	35,841	35,841
Other payables – non trade nature	6.00	12,350	–	–	12,350	12,350
Lease liabilities	4.13	5,195	5,025	638	10,858	10,187
		<u>178,564</u>	<u>5,726</u>	<u>638</u>	<u>184,928</u>	<u>182,815</u>
As at December 31, 2025						
Borrowings						
– Fixed rates	2.51	69,969	–	–	69,969	69,036
Trade payables	–	32,183	–	–	32,183	32,183
Bills payables	–	17,740	–	–	17,740	17,740
Other payables	–	103,547	–	–	103,547	103,547
Other payables – non trade nature	3.45	6,101	–	–	6,101	6,101
Lease liabilities	4.04	4,194	1,721	489	6,404	6,234
		<u>233,734</u>	<u>1,721</u>	<u>489</u>	<u>235,944</u>	<u>234,841</u>
As at June 30, 2026						
Borrowings						
– Fixed rates	2.36	61,416	–	–	61,416	60,220
Trade payables	–	55,750	–	–	55,750	55,750
Bills payables	–	18,448	–	–	18,448	18,448
Other payables	–	20,057	–	–	20,057	20,057
Lease liabilities	3.88	4,256	2,216	334	6,806	6,407
		<u>159,927</u>	<u>2,216</u>	<u>334</u>	<u>162,477</u>	<u>160,882</u>

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The Company

	Weighted average interest rate	On demand or less than 1 year	1-2 years	2-5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023							
Borrowings							
– fixed rates	3.65	1,000	–	–	–	1,000	1,000
Trade payables	–	32,053	–	–	–	32,053	32,053
Bills payables	–	24,186	–	–	–	24,186	24,186
Other payables	–	30,164	–	–	–	30,164	30,164
Lease liabilities	4.30	664	110	–	–	774	735
		<u>88,067</u>	<u>110</u>	<u>–</u>	<u>–</u>	<u>88,177</u>	<u>88,138</u>
As at December 31, 2024							
Trade payables	–	37,608	–	–	–	37,608	37,608
Bills payables	–	30,231	–	–	–	30,231	30,231
Other payables	–	31,794	–	–	–	31,794	31,794
Lease liabilities	3.87	925	1,715	–	–	2,640	2,350
		<u>100,558</u>	<u>1,715</u>	<u>–</u>	<u>–</u>	<u>102,273</u>	<u>101,983</u>
As at December 31, 2025							
Borrowings							
– fixed rates	2.15	20,429	–	–	–	20,429	20,000
Trade payables	–	25,629	–	–	–	25,629	25,629
Bills payables	–	2,741	–	–	–	2,741	2,741
Other payables	–	95,748	–	–	–	95,748	95,748
Lease liabilities	3.87	937	619	–	–	1,556	1,497
		<u>145,484</u>	<u>619</u>	<u>–</u>	<u>–</u>	<u>146,103</u>	<u>145,615</u>
As at June 30, 2026							
Borrowings							
– fixed rates	2.15	20,430	–	–	–	20,430	20,000
Trade payables	–	31,422	–	–	–	31,422	31,422
Bills payables	–	8,000	–	–	–	8,000	8,000
Other payables	–	37,974	–	–	–	37,974	37,974
Lease liabilities	3.86	994	311	–	–	1,305	1,248
		<u>98,820</u>	<u>311</u>	<u>–</u>	<u>–</u>	<u>99,131</u>	<u>98,644</u>

Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(i) Fair value of the Group’s financial assets that are measured at fair value on a recurring basis

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

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	Fair value as at December 31,			Fair value as at June 30,	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)
	2023	2024	2025	2026			
	RMB'000	RMB'000	RMB'000	RMB'000			
Financial assets:							
Wealth management products classified as financial assets at FVTPL	–	238,514	86,290	86,636	Level 2	Discounted cash flow method using the expected return based on observable market inputs.	N/A
Receivables at FVTOCI	39,362	73,737	79,870	115,031	Level 2	Discounted cash flow method using the discount rate that reflected the credit risk of the corresponding banks which are observable.	N/A
Contingent consideration classified as financial assets at FVTPL	–	–	–	630	Level 3 (December 31, 2023, 2024 and 2025: N/A)	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow into the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate of 12% per annum. Probability of triggering the contingent arrangement at 86% (Note 3)
Equity instruments at FVTOCI	10,973	3,898	3,067	2,096	Level 1 (December 31, 2023 and 2024: Level 3, December 31, 2025: Level 1)	Quoted prices in active market. (December 31, 2023 and 2024: Determined with reference to the latest financial information of the investee, adjusted by unobservable inputs such as discount for lack of marketability, and price-to book ratio, price to earnings of comparable listed companies. December 31, 2025: Quoted prices in active market.)	December 31, 2025 and June 30, 2026: N/A December 31, 2024: Discount for lack of marketability of, 28% (2023: 28%). (Note 1) December 31, 2024: price-to book ratio of 1.55, taking into account median of price-to book ratio of comparable listed companies December 31, 2023: price-to-earning ratio of 21.55, taking into account median of price-to earnings ratio of comparable listed companies (Note 2)
Investment in an associate measured at FVTPL	–	–	–	30,000	Level 2 (December 31, 2023, 2024 and 2025: N/A)	Derived from the financing price of the most recent financing round.	N/A

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Note 1: An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the equity investments, and vice versa. A 5% increase/decrease in the discount for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the equity investments by RMB271,000 (2023: RMB762,000).

Note 2: As at December 31, 2024, the management adjusted the price-to-book ratio to 1.67 for the purpose of performing the sensitivity analysis, which is taking into account of the average of price-to-book ratio of comparable listed companies. Therefore, an increase of 0.12 as compared to the median of price-to-book ratio of comparable listed companies in price-to-book ratio holding all other variables constant would increase the carrying amount of the equity investments by RMB293,000.

As at December 31, 2023, the management adjusted the price-to-earnings ratio to 15.07 for the purpose of performing the sensitivity analysis, which is taking into account of the average of price-to-earnings ratio of comparable listed companies. Therefore, a decrease of 6.48 as compared to the median of price-to-earnings ratio of comparable listed companies in price-to-earnings ratio holding all other variables constant would decrease the carrying amount of the equity investments by RMB3,301,000.

Note 3: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the contingent consideration classified as financial assets at FVTPL, and vice versa. A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the contingent consideration classified as financial assets at FVTPL by RMB13,000 and RMB15,000, respectively.

An increase in the probability of triggering the contingent consideration used in isolation would result in an increase in the fair value measurement of the contingent consideration classified as financial assets at FVTPL, and vice versa. A 5% increase/decrease in the probability of triggering the contingent consideration holding all other variables constant would increase/decrease the carrying amount of the contingent consideration classified as financial assets at FVTPL by RMB37,000 and RMB37,000, respectively.

There were no transfers between fair value hierarchy during the Track Record Period except that the fair value hierarchy of equity instruments at FVTOCI transfer into Level 1 as the listed investee’s stock has resumed trading during the year ended December 31, 2025.

(ii) *Reconciliation of Level 3 fair value measurements*

	Equity instruments at FVTOCI	Contingent consideration classified as financial assets at FVTPL
	RMB'000	RMB'000
As at January 1, 2023	6,814	–
Total gains:		
– other comprehensive income	4,159	–
Transfers out of level 1 (<i>Note a</i>)	(10,973)	–
Transfers into level 3 (<i>Note a</i>)	10,973	–
As at December 31, 2023	10,973	–
Total losses:		
– other comprehensive expense	(7,075)	–
As at December 31, 2024	3,898	–
Total losses:		
– other comprehensive expense	(831)	–
Transfers out of level 3 (<i>Note b</i>)	(3,067)	–
Transfers into level 1 (<i>Note b</i>)	3,067	–
As at December 31, 2025	3,067	–
Total losses:		
– other comprehensive expense	(971)	–
Acquisition of Suzhou Routao (<i>Note 33</i>)	–	630
As at June 30, 2026	2,096	630

Contingent consideration classified as financial assets at FVTPL measured at fair value on Level 3 fair value measurement was arisen from the acquisition of Suzhou Routao (see Note 33). No gain or loss for the six months ended June 30, 2026 relating to this contingent consideration has been recognised in profit or loss.

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Notes:

- (a): The listed company set out in Note 23, suspended trading from December 2023, due to its application for a public offering and listing on the Beijing Stock Exchange.
- (b): The listed company set out in Note 23, terminated its public offering application to the Beijing Stock Exchange and withdrew the application materials in January 2025 and therefore its stock resumed trading in January 2025.

Fair value of the Group’s financial assets and financial liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities now comprising the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in Notes 28 and 29, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues and raise of new borrowings.

39. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended	Year ended	Year ended	Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Salaries and allowances . . .	2,532	2,690	3,598	1,539	2,421
Retirement benefit scheme contributions	116	115	280	64	120
Discretionary performance related bonus	3,293	5,030	10,829	5,000	3,000
Equity-settled share-based payments	3,131	4,262	3,290	2,130	3,921
	<u>9,072</u>	<u>12,097</u>	<u>17,997</u>	<u>8,733</u>	<u>9,462</u>

The remuneration of key management personnel (being Chairman and director of the Company and other key management of the Group), is determined with reference to the performance of individuals and market trends.

The Group and the Company has no other related party balance and transaction during the Track Record Period.

40. FINANCIAL INFORMATION OF THE COMPANY

Investments in subsidiaries

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Cost of investments, unlisted	<u>34,659</u>	<u>86,219</u>	<u>97,719</u>	<u>114,749</u>

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Movements of the Company’s reserves

	Statutory surplus reserve	Share-based payment reserve	FVTOCI reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	6,553	7,503	(3,565)	83,620	94,111
Profit for the year	–	–	–	99,023	99,023
Other comprehensive income for the year	–	–	3,535	–	3,535
Total comprehensive income for the year	–	–	3,535	99,023	102,558
Transfer	9,902	–	–	(9,902)	–
Recognition of equity-settled share- based payments expense	–	3,131	–	–	3,131
Dividends recognised as distribution	–	–	–	(34,559)	(34,559)
As at December 31, 2023	16,455	10,634	(30)	138,182	165,241
Profit for the year	–	–	–	112,072	112,072
Other comprehensive expense for the year	–	–	(6,014)	–	(6,014)
Total comprehensive (expense) income for the year	–	–	(6,014)	112,072	106,058
Transfer	824	–	–	(824)	–
Recognition of equity-settled share- based payments expense	–	4,262	–	–	4,262
Dividends recognised as distribution	–	–	–	(40,780)	(40,780)
As at December 31, 2024	17,279	14,896	(6,044)	208,650	234,781
Profit for the year	–	–	–	145,529	145,529
Other comprehensive expense for the year	–	–	(706)	–	(706)
Total comprehensive (expense) income for the year	–	–	(706)	145,529	144,823
Transfer	720	–	–	(720)	–
Recognition of equity-settled share- based payments expense	–	3,329	–	–	3,329
Vesting of restricted shares	–	(15,000)	–	–	(15,000)
Dividends recognised as distribution	–	–	–	(317,780)	(317,780)
As at December 31, 2025	17,999	3,225	(6,750)	35,679	50,153
Profit for the period	–	–	–	57,314	57,314
Other comprehensive expense for the period	–	–	(826)	–	(826)
Total comprehensive (expense) income for the period	–	–	(826)	57,314	56,488
Recognition of equity-settled share- based payments expense	–	4,040	–	–	4,040
As at June 30, 2026	17,999	7,265	(7,576)	92,993	110,681
As at January 1, 2025	17,279	14,896	(6,044)	208,650	234,781
Profit for the year	–	–	–	71,557	71,557
Other comprehensive expense for the year	–	–	(598)	–	(598)
Total comprehensive (expense) income for the year	–	–	(598)	71,557	70,959
Transfer	–	–	–	–	–
Recognition of equity-settled share- based payments expense	–	2,130	–	–	2,130
Vesting of restricted shares	–	(15,000)	–	–	(15,000)
Dividends recognised as distribution	–	–	–	(40,780)	(40,780)
As at June 30, 2025	17,279	2,026	(6,642)	239,427	252,090

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41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at December 31, 2023, 2024, 2025 and June 30, 2026 and the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration/ operations	Date of incorporation/ registration	Paid-in share capital/ registered capital	Proportion of ownership interest and voting power held by the Company					Principal activities	Notes
				As at December 31,			As at June 30,			
				2023	2024	2025	2026	Date of this report		
Zhenjiang Enbeisi New Material Co., Ltd.* 鎮江恩貝斯新材料有限公司	PRC	June 12, 2020	5,000	100%	100%	100%	100%	[100%]	Operation of rooftop photovoltaic systems	(a)
Zhongke Beisite (Suzhou) Electronic Material Technology Co., Ltd.* 中科貝斯特(蘇州)電子材料科技有限公司	PRC	August 16, 2021	5,400	95%	95%	95%	95%	[95%]	Research and development, design and sales of acoustic solutions	(a)
Shanghai Nexolar New Material Co., Ltd.* 上海納科秀新材料有限公司 (“Shanghai Nexolar”)	PRC	December 26, 2022	16,100	77%	77%	77%	77%	[77%]	Research and development, and sales of energy enhancement materials	(a)
Zhenjiang Runna Technology Co., Ltd.* 鎮江潤納科技有限公司 .	PRC	July 7, 2023	2,000	61.63%	61.63%	N/A	N/A	[N/A]	Sales, purchase and research on energy enhancement materials	(a) (b)
Shanghai Runshi Technology Co., Ltd.* 上海潤勢科技有限公司 .	PRC	April 28, 2019	15,000	100%	100%	100%	100%	[100%]	Research and development	(a)
Shanghai Yuyang New Energy Technology Co., Ltd.* 上海禹陽新能源科技有限公司	PRC	December 22, 2015	1,000	100%	100%	100%	100%	[100%]	Procurement and sales of energy enhancement materials	(a)

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Name of subsidiaries	Place of incorporation/ registration/ operations	Date of incorporation/ registration	Paid-in share capital/ registered capital <i>RMB '000</i>	Proportion of ownership interest and voting power held by the Company					Principal activities	Notes
				As at December 31,			As at June 30,			
				2023	2024	2025	2026	Date of this report		
Yangzhou Detai Investment Partnership (Limited Partnership)* 揚州德泰投資合夥企業 (有限合夥)	PRC	June 20, 2023	900	60%	60%	60%	60%	[60%]	Inactive	(a)
SSSI New Materials (HongKong) Co., Limited 貝斯特新材料 (香港)有限公司	Hong Kong	March 27, 2024	561	N/A	100%	100%	100%	[100%]	Overseas sales	(a)
Hefei Nexolar New Material Co., Ltd.* 合肥納科秀新材料有限公司	PRC	August 12, 2024	20,500	N/A	100%	100%	100%	[100%]	Inactive	(a)
Zhejiang AITEK New Material Co., Ltd.* 浙江愛科新材料有限公司	PRC	August 6, 2018	56,000	N/A	50%	55.36%	55.36%	[55.36%]	Research and development, production and sales of electronic ceramic materials	(a)
Zhongchuang Aike New Material (Zhejiang) Co., Ltd.* 中創愛科新材料(浙江)有限公司	PRC	October 17, 2022	10,000	N/A	50%	55.36%	55.36%	[55.36%]	Inactive	(a)
Shanghai Demao 上海德茂聚智企業管理諮詢合夥企業(有限合夥)	PRC	December 11, 2025	4,500	N/A	N/A	100%	100%	[100%]	Investment holding	(a)
Suzhou Advanced Flexible Ceramics Co., Ltd.* 蘇州柔陶新材料有限公司	PRC	December 23, 2019	8,565	N/A	N/A	N/A	59.14%	[59.14%]	Research and development, production and sales of Electronic ceramic materials	(a)

* English name is for identification purpose only.

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All entities now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

- (a) No statutory financial statements have been prepared for other subsidiaries of the Company for each of the three years ended December 31, 2023, 2024 and 2025, as there were no statutory audit requirements for these subsidiaries.
- (b) The subsidiary was deregistered on August 25, 2025.

None of the subsidiaries had issued any debt securities at the end of each reporting period.

* *English name is for identification purpose only.*

42. RETIREMENT BENEFITS PLANS

The employees of the Group entities in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

For the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 and 2026, the total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB4,722,000, RMB5,685,000, RMB6,728,000, RMB3,264,000 (unaudited) and RMB3,840,000, respectively.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to June 30, 2026 and up to the date of this report.