
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[1] to I-[86], received from the Company’s reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EAGLERISE ELECTRIC & ELECTRONIC (CHINA) CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Eaglerise Electric & Electronic (China) Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[4] to I-[86], 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 comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 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 page I-[4] to I-[86] forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] of the Company dated [•] (the “**[REDACTED]**”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and 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 (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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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 Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and 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 purpose of the accountants’ report, a true and fair view of the Group’s consolidated financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026, the Company’s financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of presentation and 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 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 presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and 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 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 presentation and 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 of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

[•]

Practising Certificate Number: [•]

Hong Kong

[Date]

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

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

The 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 Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by the IAASB (“**Underlying Financial Statements**”).

The Historical Financial Information and the Stub Period Comparative Financial Information are 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 COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	3,616,308	4,602,694	5,214,012	2,440,939	2,662,073
Cost of sales	8	(2,833,087)	(3,677,647)	(4,297,168)	(2,029,785)	(2,159,991)
Gross profit		783,221	925,047	916,844	411,154	502,082
Other income	6	46,953	63,040	73,016	43,434	24,917
Other (losses)/gains, net	7	(14,352)	25,120	(6,007)	15,112	(44,596)
Impairment losses recognised on financial assets and contract assets, net		(12,834)	(17,200)	(3,065)	(1,967)	(7,223)
Research and development expenses	8	(185,800)	(191,177)	(239,090)	(116,346)	(102,258)
General and administrative expenses	8	(225,034)	(306,205)	(344,405)	(144,178)	(155,300)
Selling expenses	8	(88,491)	(109,553)	(125,888)	(68,532)	(61,125)
Finance costs	10	(23,788)	(43,239)	(51,808)	(24,533)	(33,279)
Share of result of an associate	17	(53,784)	457	(258)	(2,568)	(3,330)
Profit before income tax		226,091	346,290	219,339	111,576	119,888
Income tax expense	11	(9,248)	(46,128)	(4,377)	(1,732)	(4,179)
Profit for the year/period		216,843	300,162	214,962	109,844	115,709
Profit for the year/period attributable to:						
Owners of the Company		208,916	292,095	200,242	104,559	111,787
Non-controlling interests		7,927	8,067	14,720	5,285	3,922
		<u>216,843</u>	<u>300,162</u>	<u>214,962</u>	<u>109,844</u>	<u>115,709</u>
Other comprehensive income/(loss) for the year/period, net of tax						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Translation of financial statements of foreign operations, net of tax		1,460	(25,789)	35,788	29,886	(32,900)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		—	—	—	—	3,638
Other comprehensive income/(loss) for the year/period, net of tax		<u>1,460</u>	<u>(25,789)</u>	<u>35,788</u>	<u>29,886</u>	<u>(29,262)</u>
Total comprehensive income for the year/period attributable to:						
Owners of the Company		210,376	266,306	236,030	134,445	82,525
Non-controlling interests		7,927	8,067	14,720	5,285	3,922
		<u>218,303</u>	<u>274,373</u>	<u>250,750</u>	<u>139,730</u>	<u>86,447</u>
Earnings per share (“EPS”) attributable to owners of the Company						
Basic (in RMB per share)	13	<u>0.63</u>	<u>0.75</u>	<u>0.50</u>	<u>0.27</u>	<u>0.27</u>
Diluted (in RMB per share)	13	<u>0.63</u>	<u>0.75</u>	<u>0.50</u>	<u>0.27</u>	<u>0.27</u>

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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
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	1,223,625	2,774,152	4,098,348	4,055,146
Right-of-use assets	15	84,137	141,798	152,777	146,066
Intangible assets	16	43,445	55,750	67,620	68,877
Investment in an associate	17	18,772	19,229	18,971	15,641
Goodwill	18	37,249	37,249	49,750	49,750
Time deposits	19	49,636	—	—	—
Financial assets at fair value through other comprehensive income	21	1,000	1,264	20,356	25,353
Other financial assets	22	30,000	23,139	18,880	18,880
Prepayments, other receivables and other assets	25	104,154	91,695	8,310	44,745
Deferred income tax assets	23	48,652	45,192	71,734	105,397
		1,640,670	3,189,468	4,506,746	4,529,855
Current assets					
Inventories	26	483,834	733,986	957,751	998,872
Trade and notes receivables	27	1,338,054	2,093,280	1,780,889	1,661,123
Contract assets	28	154,393	214,106	246,958	256,210
Prepayments, other receivables and other assets	25	98,616	282,069	441,549	651,773
Prepaid income tax		1,364	1,066	4,487	11,826
Financial assets at fair value through profit or loss	20	531,285	—	1,147	2,570
Financial assets at fair value through other comprehensive income	21	309,416	55,109	150,359	322,952
Restricted bank deposits	29	34,272	194,090	221,075	275,547
Time deposits	19	74,590	97,589	21,634	17,746
Cash and cash equivalents	30	634,440	551,848	768,255	1,484,069
		3,660,264	4,223,143	4,594,104	5,682,688
Current liabilities					
Financial liabilities at fair value through profit or loss	31	16,760	—	1,135	2,025
Trade and notes payables	32	1,232,091	1,112,180	1,709,955	1,542,909
Contract liabilities	33	22,105	29,858	53,037	182,168
Other payables and accruals	34	292,910	565,965	716,631	671,009
Bank borrowings	35	252,129	1,188,058	1,578,422	1,660,854
Liabilities under supplier financing arrangement	36	72,887	599,640	510,141	505,651
Lease liabilities	15	8,120	25,652	30,138	35,893
Income tax payable		23,119	12,351	23,208	32,331
		1,920,121	3,533,704	4,622,667	4,632,840
Net current assets/(liabilities)		1,740,143	689,439	(28,563)	1,049,848
Total assets less current liabilities		3,380,813	3,878,907	4,478,183	5,579,703
Non-current liabilities					
Other payables and accruals	34	53,910	110,978	157,452	153,647
Bank borrowings	35	196,026	470,600	440,056	1,567,963
Lease liabilities	15	6,970	50,991	40,695	44,577
Deferred income tax liabilities	24	14,148	10,405	12,422	11,357
		271,054	642,974	650,625	1,777,544
Net assets		3,109,759	3,235,933	3,827,558	3,802,159

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		2023	As at December 31, 2024	2025	As at June 30, 2026
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY					
Share capital	37	391,320	392,205	423,206	422,583
Treasury shares	37	(33,772)	(109,060)	(72,394)	(56,233)
Reserves	39	<u>2,738,347</u>	<u>2,925,946</u>	<u>3,436,871</u>	<u>3,391,512</u>
Equity attributable to owners of the Company		3,095,895	3,209,091	3,787,683	3,757,862
Non-controlling interests		<u>13,864</u>	<u>26,842</u>	<u>39,875</u>	<u>44,297</u>
Total equity		<u>3,109,759</u>	<u>3,235,933</u>	<u>3,827,558</u>	<u>3,802,159</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
		2023	2024	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	15,540	25,015	4,971	7,151
Right-of-use assets	15	672	—	—	—
Intangible assets	16	1,509	1,989	959	806
Investment in an associate	17	18,772	19,229	18,971	15,641
Investments in subsidiaries	24	1,498,498	2,170,452	2,655,198	2,728,308
Financial assets at fair value through other comprehensive income	21	1,000	1,000	20,000	24,852
Other financial assets	22	30,000	23,139	18,880	18,880
Prepayments, other receivables and other assets	25	11,920	71	—	206,000
Deferred income tax assets	23	9,448	6,726	10,908	16,651
Total non-current assets		1,587,359	2,247,621	2,729,887	3,018,289
Current assets					
Inventories	26	88,433	41,615	14,238	14,203
Trade and notes receivables	27	555,551	888,475	340,647	244,706
Contract assets	28	150,159	199,216	184,788	136,668
Prepayments, other receivables and other asset	25	862,950	1,008,390	1,890,648	2,311,487
Prepaid income tax		—	11	591	204
Financial assets at fair value through profit or loss	20	201,285	—	—	—
Financial assets at fair value through other comprehensive income	21	151,891	2,446	70,284	85,582
Restricted bank deposits	29	22,952	101,070	123,714	97,826
Time deposits	19	34,444	24,451	—	—
Cash and cash equivalents	30	127,691	30,269	20,349	172,669
Total current assets		2,195,356	2,295,943	2,645,259	3,063,345
Current liabilities					
Financial liabilities at fair value through profit or loss	31	16,760	—	—	—
Trade and notes payables	32	510,483	826,268	753,788	421,963
Contract liabilities	33	126	5,689	8,908	5,368
Other payables and accruals	34	207,180	719,880	749,237	1,109,212
Bank borrowings	35	187,068	195,988	526,362	771,607
Liabilities under supplier financing arrangement	36	—	—	64,154	25,000
Lease liabilities	15	698	—	—	—
Income tax payable		498	—	—	—
Total current liabilities		922,813	1,747,825	2,102,449	2,333,150
Net current assets		1,272,543	548,118	542,810	730,195
Total assets less current liabilities		2,859,902	2,795,739	3,272,697	3,748,484
Non-current liabilities					
Other payables and accruals	34	7,417	5,846	4,276	3,490
Bank borrowings	35	190,000	180,000	—	509,100
Total non-current liabilities		197,417	185,846	4,276	512,590
Net assets		2,662,485	2,609,893	3,268,421	3,235,894

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		As at December 31,			As at June 30,
		2023	2024	2025	2026
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY					
Share capital	39	391,320	392,205	423,206	422,583
Treasury shares	39	(33,772)	(109,060)	(72,394)	(56,233)
Reserves	39	<u>2,304,937</u>	<u>2,326,748</u>	<u>2,917,609</u>	<u>2,869,544</u>
Total equity		<u>2,662,485</u>	<u>2,609,893</u>	<u>3,268,421</u>	<u>3,235,894</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000 <i>Note (37)</i>	Treasury shares RMB'000 <i>Note (37)</i>	Share premium RMB'000	Other capital reserve RMB'000 <i>Note (a)</i>	Other comprehensive income reserve RMB'000 <i>Note (b)</i>	Statutory reserve RMB'000 <i>Note (c)</i>	Retained earnings RMB'000	Sub- Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
As at January 1, 2023	299,320	(22,380)	827,860	24,335	(1,940)	129,179	503,601	1,759,975	1,611	1,761,586
Profit for the year	—	—	—	—	—	—	208,916	208,916	7,927	216,843
Other comprehensive income for the year	—	—	—	—	1,460	—	—	1,460	—	1,460
Total comprehensive income for the year	—	—	—	—	1,460	—	208,916	210,376	7,927	218,303
Appropriation of statutory reserve	—	—	—	—	—	5,428	(5,428)	—	—	—
Dividends declared (<i>Note 12</i>)	—	—	—	—	—	—	(75,219)	(75,219)	—	(75,219)
Share-based compensation expenses (<i>Note 38</i>)	—	—	—	28,433	—	—	—	28,433	—	28,433
Issue of shares upon placing (<i>Note 37</i>)	89,672	—	1,073,105	—	—	—	—	1,162,777	—	1,162,777
Exercise of share options (<i>Note 37</i>)	398	—	3,690	—	—	—	—	4,088	—	4,088
Vesting of restricted shares (<i>Note 37</i>)	—	5,361	—	—	—	—	—	5,361	—	5,361
Repurchase obligation of ordinary shares under share incentive scheme (<i>Note 37</i>)	—	(25,137)	—	—	—	—	—	(25,137)	—	(25,137)
Issue of shares under restricted share incentive schemes (<i>Note 37</i>)	3,000	—	22,137	—	—	—	—	25,137	—	25,137
Repurchase and cancellation of shares under restricted share incentive schemes (<i>Note 37</i>)	(1,070)	8,384	(7,314)	—	—	—	—	—	—	—
Acquisition of shares of existing subsidiary	—	—	—	(3,146)	—	—	—	(3,146)	2,576	(570)
Capital injection from non-controlling shareholders	—	—	3,250	—	—	—	—	3,250	1,750	5,000
As at December 31, 2023 and January 1, 2024	391,320	(33,772)	1,922,728	49,622	(480)	134,607	631,870	3,095,895	13,864	3,109,759
Profit for the year	—	—	—	—	—	—	292,095	292,095	8,067	300,162
Other comprehensive loss for the year	—	—	—	—	(25,789)	—	—	(25,789)	—	(25,789)
Total comprehensive (loss)/income for the year	—	—	—	—	(25,789)	—	292,095	266,306	8,067	274,373
Repurchase of shares under restricted share incentive schemes	—	(92,691)	—	—	—	—	—	(92,691)	—	(92,691)
Appropriation of statutory reserve	—	—	—	—	—	16,215	(16,215)	—	—	—
Dividends declared (<i>Note 12</i>)	—	—	—	—	—	—	(115,674)	(115,674)	—	(115,674)
Share-based compensation expenses (<i>Note 38</i>)	—	—	—	37,867	—	—	—	37,867	—	37,867
Exercise of share options (<i>Note 37</i>)	966	—	9,424	—	—	—	—	10,390	—	10,390
Repurchase obligation of ordinary shares under share incentive scheme (<i>Note 37</i>)	—	(32,275)	—	—	—	—	—	(32,275)	—	(32,275)
Issue of shares under restricted share incentive schemes (<i>Note 37</i>)	—	49,678	(17,403)	—	—	—	—	32,275	—	32,275
Repurchase and cancellation of shares under restricted share incentive schemes (<i>Note 37</i>)	(81)	—	(547)	—	—	—	—	(628)	—	(628)
Capital injection from non-controlling shareholders	—	—	3,250	—	—	—	—	3,250	1,750	5,000
Capital injection from non-controlling shareholders through capitalisation of performance obligation (<i>Note 31</i>)	—	—	4,376	—	—	—	—	4,376	3,161	7,537
As at December 31, 2024 and January 1, 2025	392,205	(109,060)	1,921,828	87,489	(26,269)	150,822	792,076	3,209,091	26,842	3,235,933

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	Share capital RMB'000 <i>Note (37)</i>	Treasury shares RMB'000 <i>Note (37)</i>	Share premium RMB'000	Other capital reserve RMB'000 <i>Note (a)</i>	Other comprehensive income reserve RMB'000 <i>Note (b)</i>	Statutory reserve RMB'000 <i>Note (c)</i>	Retained earnings RMB'000	Sub- Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
Profit for the year	—	—	—	—	—	—	200,242	200,242	14,720	214,962
Other comprehensive income for the year	—	—	—	—	35,788	—	—	35,788	—	35,788
Total comprehensive income for the year	—	—	—	—	35,788	—	200,242	236,030	14,720	250,750
Appropriation of statutory reserve	—	—	—	—	—	46,591	(46,591)	—	—	—
Dividends declared (<i>Note 12</i>)	—	—	—	—	—	—	(116,534)	(116,534)	—	(116,534)
Share-based compensation expenses (<i>Note 38</i>)	—	—	—	18,643	—	—	—	18,643	—	18,643
Issue of shares upon placing (<i>Note 37</i>)	29,564	—	362,404	—	—	—	—	391,968	—	391,968
Exercise of share options (<i>Note 37</i>)	1,799	—	18,619	—	—	—	—	20,418	—	20,418
Vesting of restricted shares (<i>Note 37</i>)	—	33,729	—	—	—	—	—	33,729	—	33,729
Repurchase and cancellation of shares under restricted share incentive schemes (<i>Note 37</i>)	(362)	2,937	(2,575)	—	—	—	—	—	—	—
Acquisition of a subsidiary under non-common control (<i>Note 24</i>)	—	—	—	—	—	—	—	—	1,365	1,365
Acquisition of a subsidiary under common control (<i>Note 24</i>)	—	—	(5,662)	—	—	—	—	(5,662)	(3,052)	(8,714)
As at December 31, 2025 and January 1, 2026	423,206	(72,394)	2,294,614	106,132	9,519	197,413	829,193	3,787,683	39,875	3,827,558
Profit for the period	—	—	—	—	—	—	111,787	111,787	3,922	115,709
Other comprehensive loss for the period	—	—	—	—	(29,262)	—	—	(29,262)	—	(29,262)
Total comprehensive income for the period	—	—	—	—	(29,262)	—	111,787	82,525	3,922	86,447
Dividends declared (<i>Note 12</i>)	—	—	—	—	—	—	(125,809)	(125,809)	—	(125,809)
Share-based compensation expenses (<i>Note 38</i>)	—	—	—	979	—	—	—	979	—	979
Exercise of share options (<i>Note 37</i>)	521	—	5,114	—	—	—	—	5,635	—	5,635
Vesting of restricted shares (<i>Note 37</i>)	—	6,849	—	—	—	—	—	6,849	—	6,849
Repurchase and cancellation of shares under restricted share incentive schemes (<i>Note 37</i>)	(1,144)	9,312	(8,168)	—	—	—	—	—	—	—
Capital injection from non-controlling shareholders	—	—	—	—	—	—	—	—	500	500
As at June 30, 2026	422,583	(56,233)	2,291,560	107,111	(19,743)	197,413	815,171	3,757,862	44,297	3,802,159
As at January 1, 2025	392,205	(109,060)	1,921,828	87,489	(26,269)	150,822	792,076	3,209,091	26,842	3,235,933
Profit for the period (unaudited)	—	—	—	—	—	—	104,559	104,559	5,285	109,844
Other comprehensive income for the period (unaudited)	—	—	—	—	29,886	—	—	29,886	—	29,886
Total comprehensive income for the period (unaudited)	—	—	—	—	29,886	—	104,559	134,445	5,285	139,730
Appropriation of statutory reserve (unaudited)	—	—	—	—	—	16,468	(16,468)	—	—	—
Dividends declared (<i>Note 12</i>) (unaudited)	—	—	—	—	—	—	(116,534)	(116,534)	—	(116,534)
Share-based compensation expenses (<i>Note 38</i>) (unaudited)	—	—	—	18,326	—	—	—	18,326	—	18,326
Exercise of share options (<i>Note 37</i>) (unaudited)	1,550	—	16,067	—	—	—	—	17,617	—	17,617
Vesting of restricted shares (<i>Note 37</i>) (unaudited)	—	31,517	—	—	—	—	—	31,517	—	31,517
Repurchase and cancellation of shares under restricted share incentive schemes (<i>Note 37</i>) (unaudited)	(216)	1,746	(1,530)	—	—	—	—	—	—	—
Acquisition of a subsidiary under common control (<i>Note 24</i>) (unaudited)	—	—	(5,662)	—	—	—	—	(5,662)	(3,052)	(8,714)
As at June 30, 2025 (unaudited)	393,539	(75,797)	1,930,703	105,815	3,617	167,290	763,633	3,288,800	29,075	3,317,875

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Notes:

- (a) Other capital reserve mainly includes reserve recognised under share incentive scheme.
- (b) Other comprehensive income reserve is the reserve due to the exchange differences on translation of financial statements of foreign operation and fair value change on financial assets at fair value through other comprehensive income.
- (c) It represents the statutory reserve of the Company established in the People’s Republic of China (“PRC”).

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Profit before tax		226,091	346,290	219,339	111,576	119,888
Adjustments for:						
— Share of result of an associate	17	53,784	(457)	258	2,568	3,330
— Depreciation of property, plant and equipment	14	69,823	87,063	147,419	64,525	101,903
— Depreciation of right-of-use assets	15	14,443	27,631	34,526	17,316	21,935
— Amortisation of intangible assets	16	6,501	7,482	10,187	4,784	5,426
— Time deposits interest income	6	(7,883)	(14,293)	(1,950)	(961)	(160)
— Dividend income from other financial assets	6	—	(780)	(1,971)	(1,971)	—
— Fair value gains on financial assets at fair value through profit and loss	7	(1,285)	(1,698)	(806)	—	(912)
— Fair value losses on financial liability at fair value through profit and loss	7	16,760	125	1,135	—	1,475
— Net loss/(gain) on disposal of property, plant and equipment	7	2,884	(13,691)	972	200	3,781
— Provision for impairment of inventories	8	16,646	15,630	14,690	16,763	23,477
— Finance costs	10	23,788	43,239	51,808	24,533	33,279
— Impairment loss recognised/(reversed) on trade and notes receivables, net	27	10,925	14,255	3,388	(1,680)	3,604
— Impairment loss recognised on contract assets, net	28	1,157	1,560	189	3,918	2,008
— Impairment loss recognised/(reversed) on other receivables, net	25	752	1,385	(512)	(271)	1,611
— Share-based compensation expense	8	28,433	37,867	18,643	18,326	979
— Deferred government grants released to profit or loss	6	(2,984)	(6,302)	(9,787)	(4,866)	(5,055)
— Net foreign exchange (gains)/losses		(5,961)	17,964	10,159	(9,167)	25,706
— [REDACTED]	8	—	—	—	—	[REDACTED]
— Bank interest income	6	(10,344)	(14,546)	(15,518)	(5,102)	(9,921)
(Increase)/decrease in trade and notes receivables		(184,479)	(769,496)	4,998	(67,034)	116,162
Increase in contract assets		(77,667)	(61,273)	(33,041)	(34,138)	(11,260)
(Increase)/decrease in prepayments, deposits, other receivables and note receivables measured at fair value through other comprehensive income		(373,930)	21,823	(89,522)	(32,384)	(264,624)
(Increase)/decrease in inventories		(134,355)	(265,782)	(238,455)	1,551	(64,598)
(Increase)/decrease in restricted bank deposits		(5,718)	(25,313)	17,633	(34,446)	(53,221)
Increase/(decrease) in trade and notes payables		480,714	(119,911)	597,775	295,851	(167,046)
(Decrease)/increase in liabilities under supplier financing arrangements		(15,008)	526,753	(89,499)	(178,349)	(4,490)
Increase/(decrease) in other payables and accruals		18,803	358,506	(28,774)	(135,193)	(7,998)
Increase in contract liabilities		12,520	7,753	23,179	39,430	129,131
Cash generated from/(used in) operations		164,410	221,784	646,463	95,779	5,641
Bank interest received		10,344	14,546	15,518	5,102	9,921
Income tax paid		(1,338)	(56,881)	(21,459)	(10,504)	(38,337)
Net cash flows generated from/(used in) operating activities		173,416	179,449	640,522	90,377	(22,775)

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		Year ended December 31,			Six months ended June 30,	
	Notes	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Investing activities						
Purchase of property, plant and equipment		(528,106)	(1,724,866)	(1,249,436)	(491,678)	(413,306)
Proceeds from disposal of property, plant and equipment		1,213	33,371	5,803	3,000	3,293
Proceeds from disposal of land use right		—	4,404	3,745	3,025	3,025
Purchase of intangible assets		(14,551)	(22,348)	(23,365)	(14,831)	(7,558)
Prepayment for right-of-use assets		(11,072)	(5,810)	(9,900)	(9,900)	—
Time deposits interest received		7,308	14,061	2,552	961	160
Payment for acquisition of a subsidiary, net of cash acquired	24	—	—	(20,208)	(10,115)	—
Proceeds from disposal of a subsidiary, net of cash disposed	24	—	—	—	—	231,997
Withdrawal of time deposits		814,513	739,316	145,650	96,634	3,888
Placement of time deposits		(770,364)	(690,740)	(70,000)	(70,000)	—
Proceeds from sale of financial assets at fair value through profit or loss		—	532,983	—	—	—
Purchase of financial assets at fair value through profit or loss		(530,000)	—	—	—	—
Dividends received from other financial assets		—	780	1,971	1,971	—
Payment for performance compensation (Note 31)		—	(9,348)	—	—	—
Purchase of financial assets at fair value through other comprehensive income		—	(264)	(20,092)	(20,092)	(145)
Proceeds from disposal of an equity investment designated at fair value through other comprehensive income		—	—	370	—	—
Proceeds from disposal of other financial assets		—	6,861	3,918	3,918	—
Net cash flows used in investing activities		(1,031,059)	(1,121,600)	(1,228,992)	(507,107)	(178,646)
Financing activities						
Capital injection from non-controlling interests		5,000	5,000	—	—	500
Proceeds from redemption liabilities		—	30,000	—	—	—
Proceeds from issue of shares		1,162,777	—	391,968	—	—
Proceeds from exercise of share options		4,088	10,390	20,418	17,617	5,635
Proceeds from issue of restricted shares		25,137	32,275	—	—	—
Repurchase and cancellation of restricted shares		(8,384)	(628)	(2,937)	(1,746)	(9,312)
Proceeds from bank borrowings		1,115,766	1,977,328	2,428,919	1,735,303	2,154,908
Repayment of bank borrowings	42	(1,036,940)	(771,776)	(1,772,069)	(1,004,233)	(1,008,087)
Interest paid for borrowings	42	(23,788)	(36,425)	(45,956)	(23,190)	(31,341)
Principal portion of lease payments	42	(11,527)	(23,701)	(32,883)	(14,865)	(17,161)
Interest paid for lease payments	42	(763)	(2,544)	(2,558)	(1,343)	(1,190)
Dividends paid to the shareholders of the Company	42	(74,260)	(115,200)	(116,534)	(115,746)	(125,997)
Purchase of shares held by non-controlling shareholders		(570)	—	—	—	—
Payment for acquisition of a subsidiary under common control		—	—	(8,714)	(8,714)	—
Payment for [REDACTED]		—	—	—	—	(20,005)
Payment on repurchase of shares		—	(92,691)	—	—	—
Placement of restricted bank deposits		(6,606)	(134,505)	(44,618)	(3,292)	(1,251)
Net cash flows generated from financing activities		1,149,930	877,523	815,036	579,791	946,699

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

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
		2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2025 <i>RMB'000</i> (unaudited)	2026 <i>RMB'000</i>
Net increase/(decrease) in cash and cash equivalents		292,287	(64,628)	226,566	163,061	745,278
Cash and cash equivalents at beginning of year/period		336,192	634,440	551,848	551,848	768,255
Effect of foreign exchange rate changes, net		<u>5,961</u>	<u>(17,964)</u>	<u>(10,159)</u>	<u>9,167</u>	<u>(29,464)</u>
Cash and cash equivalents at end of year/period	30	<u>634,440</u>	<u>551,848</u>	<u>768,255</u>	<u>724,076</u>	<u>1,484,069</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Eaglerise Electric & Electronic (China) Co., Ltd. (the “**Company**”) was a limited liability company incorporated in the PRC on October 15, 1999 and was converted into a joint stock limited company on December 28, 2007. The Company’s A shares have been listed on Shenzhen Stock Exchange since December 29, 2017. The address of the Company’s registered office is A3, Guicheng Science & Technology Park, Jianping Road, Nanhai District, Foshan City, Guangdong Province, PRC, and its principal place of business is No. 212 Junhua Avenue, Jizhou District, Ji’an City, Jiangxi Province, PRC.

During the Track Record Period, the Company and its subsidiaries (the “**Group**”) are principally engaged in the research, development, design, production, and sales of transformers, power supplies, and lighting products.

As at June 30, 2026, the Company’s controlling shareholder is Mr. Xiao Juncheng, who held 31.77% of the Company’s total share capital. In this Historical Financial Information, certain English name of the companies referred herein represent the management’s best effort to translate the Chinese name of the companies as no English name has been registered.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS, International Accounting Standards and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards does not have any significant impact on the financial positions or results of the Group during the Track Record Period.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but 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 ³
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS36 and IAS 37	Disclosures about Uncertainties in the Financial Statements ¹
IFRS 18	Presentation and Disclosure in Financial Statements ¹
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ¹
IFRS 20	Regulatory Assets and Regulatory Liabilities ²
Amendments to IAS 28	Fair Value Option for Investments in Associates and Joint Ventures ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ¹
¹	Effective for accounting periods beginning on or after January 1, 2027
²	Effective for accounting periods beginning on or after January 1, 2029
³	Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

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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 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 accounting periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group’s financial positions and has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of the financial position, respectively.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Business combination other than combinations of businesses under common control

Business combinations, other than combinations of businesses under common control, are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the performance compensation is measured at its fair value and included in the cost of the relevant assets on initial recognition. The performance compensation that is classified as an asset or a liability is subsequently re-measured to fair value at each reporting date, with the corresponding gain or loss being recognised in profit or loss.

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Investments in an associate

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.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

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Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Properties and buildings	5–40 years
Machinery	3–10 years
Transportation equipment	3–5 years
Electronic equipment and other equipment	3–10 years
Leasehold improvements	3–5 years

The land purchased by the Group overseas with permanent property rights is recognised as freehold land and is not depreciated.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid lease payments) are set out in “Leases” below.

Prepaid land lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of assets.

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Software	5 years
Patent rights	10 years

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

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Research and development

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

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

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognized as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred, the amount recognised for non-controlling interests and the fair value of the Group’s previously held equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the amount recognised for non-controlling interests and the fair value of the Group’s previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units (“CGU”) that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year/period, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year/period. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of goodwill allocated to the unit first, and then to other assets of the unit on the pro-rata basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“FVTPL”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- Fair value through other comprehensive income (“FVTOCI”).

The classification is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s restricted bank deposits, time deposits, cash and cash equivalents, trade and notes receivables, other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the financial assets comprise solely payments of principal and interest and are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit loss (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

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ACCOUNTANTS’ REPORT

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “other comprehensive income reserve” in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “other comprehensive income reserve” will not be reclassified to profit or loss upon disposal of the equity investments and will be 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 “other income” in profit or loss.

Impairment of financial assets

IFRS 9’s impairment requirements use forward-looking information to recognize ECL — the “ECL model”. Instruments within the scope included cash and bank deposits, trade receivables, notes receivables, and other financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this general model approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“**Stage 1**”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“**Stage 2**”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the end of the reporting period.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 categories.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and bank deposits and restricted bank deposits

Cash and bank deposits are considered to have low credit risk because the counter-parties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables and notes receivables

For trade and notes receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at the end of each year/period for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade and notes receivables have been grouped based on shared credit risk characteristics.

For notes receivables measured at FVTOCI, the Group assumes that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and 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.

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ACCOUNTANTS’ REPORT

Other receivables and other financial assets measured at amortized cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default occurring on the financial assets 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.

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 and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

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 collateral held by the Group).

Detailed analysis of the ECL assessment of trade and notes receivables, contract assets, other financial assets measured at amortised cost and trade and notes receivables measured at FVTOCI are set out in Note 47.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and notes payables, other payables and accruals, redemption liabilities borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. Financial liabilities are classified as at FVTPL when the financial liabilities is performance compensation in relation to business combination.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

Accounting policies of redemption liabilities are set out in “Redemption liabilities” below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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ACCOUNTANTS’ REPORT

Trade and notes payables, other payables and accruals

Trade and notes payables, other payables and accruals are recognised initially at their fair value and subsequently measured at amortized cost, using the effective interest method.

Contract assets and contract liabilities

Contract assets are recognised when the Group recognizes revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy and are reclassified to receivables when the right to the consideration has become unconditional.

Contract liabilities are recognised when the customer pays consideration before the Group recognizes the related revenue. Contract liabilities would also be recognised if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Redemption liabilities

A contract that contains an obligation to repurchase the Group entities equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the entity’s obligations to purchase is conditional on the counterparty exercising a right to redeem. The entity undertakes such redemption obligations as certain preferred rights are granted to the investors in the entity’s financing process, such redemption obligation is recognised as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs, and finance cost is recognized in statements of comprehensive loss on effective interest method.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, canceled or expired.

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of semi-finished goods and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 30.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

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ACCOUNTANTS’ REPORT

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, 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.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For 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 modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Provisions and contingent liabilities

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

All provisions are reviewed at the end of each year/period for the Track Record Period and adjusted to reflect the current best estimate.

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

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ACCOUNTANTS’ REPORT

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition

Revenue mainly arises from sales of new energy products, lighting products, power distribution products, industrial control products, data center products and others.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods to its customers.

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognised when the products have been delivered to the customer as stipulated in the contract, and the customer has accepted the goods; it is probable that related economic benefits will flow to us; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Revenue for overseas sale of goods is recognised when customs declaration procedures for the products have been completed as stipulated in the contract and the customs declaration forms have been obtained; it is probable that related economic benefits will flow to us; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income and is released to the consolidated statements of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

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Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Goodwill;
- Right-of-use assets; and
- The Company’s investments in subsidiaries and associate.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash generating unit (“CGU”). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised for CGU, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year/period. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year/period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

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

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Share-based employee compensation

The Group operates share-based compensation plans for remuneration of its employees including share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “capital reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalized as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Accounting for income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year/period. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognizes a deferred income tax asset related to the 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 income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each year/period for the Track Record Period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

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When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years/period. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred income tax assets and deferred income tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are addressed below.

Impairment of financial assets and contract assets

The loss allowances for financial assets and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in note 47.

Inventory provision

The Group measures the inventory at the lower of cost and net realizable value, and makes inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than their net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situation.

Fair value measurement of financial assets at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy are disclosed in the tables in note 46.

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Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management’s judgements and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

Recognition of share-based compensation expenses

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the significant input of expected life of the share incentive granted, expected volatility, and risk-free rate and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses a Black-Scholes option pricing model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 38.

Impairment of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets

Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

5. REVENUE AND SEGMENT INFORMATION

The Group’s principal activities are disclosed in note 3.2 to the Historical Financial Information.

Revenue derived from the transfer of goods recognised at a point in time is analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Type of goods					
— New energy products	1,953,199	2,636,273	2,904,124	1,452,329	1,432,043
— Data center products	49,678	149,294	237,123	53,562	219,801
— Power distribution products	374,069	372,004	410,946	221,056	146,424
— Industrial control products	249,616	232,633	261,313	109,104	117,356
— Lighting products	811,713	978,349	922,998	437,342	453,049
— Others	178,033	234,141	477,508	167,546	293,400
	<u>3,616,308</u>	<u>4,602,694</u>	<u>5,214,012</u>	<u>2,440,939</u>	<u>2,662,073</u>

Note: Other products mainly included automotive products and communication products.

All revenue from contracts with customers within the scope of IFRS 15 is recognised at a point in time. For sales of products, the Group has applied the practical expedient in paragraph 121 of IFRS 15 as the original expected duration of these contracts is one year or less. Consequently, information about remaining performance obligations is not disclosed.

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 180 days from delivery. Advance payments are generally required for contracts with customers outside the Chinese Mainland, while advance payments are not generally applied to domestic sales within the Chinese Mainland. The contracts do not have a significant financing component. The contracts price does not include variable consideration such as rights of return, volume rebates or other similar items.

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The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identical as the board of directors (the “**Board**”) that makes strategic decisions. The Group’s management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group’s result and financial position as a whole, major customers and geographic information are presented.

Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Revenue from external customers					
— Chinese Mainland	2,635,030	3,245,598	3,304,289	1,751,895	1,368,549
— North America ⁽¹⁾	376,202	600,066	900,197	340,974	484,403
— Europe ⁽²⁾	352,753	521,225	524,931	234,641	244,752
— Asia (excluding Chinese Mainland) ⁽³⁾	222,935	195,457	452,439	98,177	545,273
— Others	29,388	40,348	32,156	15,252	19,096
	<u>3,616,308</u>	<u>4,602,694</u>	<u>5,214,012</u>	<u>2,440,939</u>	<u>2,662,073</u>

Notes:

- (1) Primarily includes the United States.
- (2) Primarily includes Spain and Sweden.
- (3) Primarily includes Japan and Thailand.

The geographical distribution of the Group’s non-current assets (excluding deferred tax assets, investment in an associate, time deposits, financial assets at FVTOCI and other financial assets), primarily consisting of property, plant and equipment, is determined based on the physical location of these assets. The geographical breakdown of the Group’s non-current assets as at the end of each reporting period during the Track Record period is presented below.

	As at December 31,			As at June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Non-current assets (excluding deferred tax assets, investment in an associate, time deposits, financial assets at FVTOCI and other financial assets)					
— Chinese Mainland	1,459,837	2,517,377	2,709,064		2,652,937
— Other countries/regions	<u>32,773</u>	<u>583,267</u>	<u>1,667,741</u>		<u>1,711,647</u>
	<u>1,492,610</u>	<u>3,100,644</u>	<u>4,376,805</u>		<u>4,364,584</u>

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Customer A	<u>1,554,362</u>	<u>1,623,678</u>	<u>1,241,844</u>	<u>705,938</u>	<u>748,561</u>

The group of entities under common control of a reporting entity is considered as a single customer.

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6. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Amortization of deferred government grants	2,984	6,302	9,787	4,866	5,055
Value added tax (“VAT”) and other tax credits concessions	6,908	17,271	23,119	15,896	3,521
Other government grants (<i>Note</i>)	16,032	7,537	18,193	11,532	1,752
Bank interest income	10,344	14,546	15,518	5,102	9,921
Time deposits interest income	7,883	14,293	1,950	961	160
Others	2,802	3,091	4,449	5,077	4,508
	<u>46,953</u>	<u>63,040</u>	<u>73,016</u>	<u>43,434</u>	<u>24,917</u>

Note: During the Track Record Period, other government grants have no unfulfilled condition or contingencies.

7. OTHER (LOSSES)/GAINS, NET

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fair value gains on financial assets at FVTPL	1,285	1,698	806	—	912
Fair value losses on financial liabilities at FVTPL	(16,760)	(125)	(1,135)	—	(1,475)
(Losses)/gains on disposals of property, plant and equipment	(2,884)	13,691	(972)	(200)	(3,781)
Net foreign exchange gains/(losses)	1,948	7,670	(9,759)	12,183	(59,010)
Gain on disposal of a subsidiary (<i>Note 24</i>)	—	—	—	—	22,560
Penalty income	1,735	1,105	2,527	975	92
Dividend income from other financial assets	—	780	1,971	1,971	—
Others	324	301	555	183	(3,894)
	<u>(14,352)</u>	<u>25,120</u>	<u>(6,007)</u>	<u>15,112</u>	<u>(44,596)</u>

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses are analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Materials costs	2,609,293	3,256,970	3,631,805	1,759,576	1,785,672
Employee benefit expenses	390,239	504,796	665,670	311,005	325,310
Depreciation and amortisation	90,767	122,176	192,132	86,625	129,264
Transportation costs	37,227	115,034	216,660	50,130	84,955
Audit fee	1,700	1,700	1,700	1,700	1,700
Agency consulting fee	20,069	31,581	23,667	18,906	9,324
Business tax and surcharges	17,780	24,233	27,685	11,328	16,233
Research and developments testing costs	9,213	19,558	25,411	13,237	12,377
Water and electricity charges	33,635	48,327	58,660	25,289	31,206
Office and travel expenses	29,728	38,893	50,926	19,537	22,693
Provision for impairment of inventories	16,646	15,630	14,690	16,763	23,477
Bank charges	1,439	3,365	3,499	1,590	1,892
Share-based compensation expenses	28,433	37,867	18,643	18,326	979
[REDACTED]	—	—	—	—	[REDACTED]
Other expenses	46,243	64,452	75,403	24,829	32,361
	<u>3,332,412</u>	<u>4,284,582</u>	<u>5,006,551</u>	<u>2,358,841</u>	<u>2,478,674</u>

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9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	390,239	504,796	665,670	311,005	325,310
Share-based compensation expenses	28,433	37,867	18,643	18,326	979
	<u>418,672</u>	<u>542,663</u>	<u>684,313</u>	<u>329,331</u>	<u>326,289</u>

(b) Directors’ and supervisors’ emoluments

Directors’ and supervisors’ emoluments for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023					
Executive directors					
Mr. Xiao Juncheng	—	1,059	7	—	1,066
Mr. Wang Yilong	—	755	7	—	762
Independent non-executive directors					
Mr. Liu Jie	120	—	—	—	120
Mr. Chuai Gongming	120	—	—	—	120
Mr. Sun Yang	120	—	—	—	120
Supervisors					
Mr. Wang Yigang (Note (i))	—	19	—	—	19
Mr. Li Weixiong	—	580	7	—	587
Mr. Liao Zhanglong	—	92	—	—	92
Mr. Liu Desong	—	590	6	—	596
Year ended December 31, 2024					
Executive directors					
Mr. Xiao Juncheng	—	1,053	8	—	1,061
Mr. Wang Yilong	—	903	8	—	911
Independent non-executive directors					
Mr. Liu Jie	120	—	—	—	120
Mr. Chuai Gongming	120	—	—	—	120
Mr. Sun Yang	120	—	—	—	120
Supervisors					
Mr. Li Weixiong	—	555	8	—	563
Mr. Liao Zhanglong	—	96	—	—	96
Mr. Liu Desong	—	579	—	—	579
Year ended December 31, 2025					
Executive directors					
Mr. Xiao Juncheng	—	964	9	—	973
Mr. Wang Yilong (Note (ii))	—	698	9	—	707
Mr. Zhao Nannan (Note (iv))	—	1,840	9	2,619	4,468
Non-executive directors					
Mr. Long Jiangang (Note (iv))	—	15	—	—	15
Mr. Guo Zhenyan (Note (iv))	—	—	—	—	—

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	Fees RMB'000	Salaries, allowances, discretionary bonuses and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Independent non-executive directors					
Mr. Liu Jie (<i>Note (iii)</i>)	105	—	—	—	105
Mr. Chuai Gongming (<i>Note (iii)</i>)	105	—	—	—	105
Mr. Sun Yang (<i>Note (iii)</i>)	105	—	—	—	105
Mr. Tang Deyuan (<i>Note (iv)</i>)	15	—	—	—	15
Mr. Yan Guoxiang (<i>Note (iv)</i>)	15	—	—	—	15
Ms. Fu Jie (<i>Note (iv)</i>)	15	—	—	—	15
Supervisors					
Mr. Li Weixiong (<i>Note (iv)</i>)	—	436	9	—	445
Mr. Liao Zhanglong (<i>Note (iv)</i>)	—	84	—	—	84
Mr. Liu Desong (<i>Note (iv)</i>)	—	436	—	—	436
Six months ended June 30, 2026					
Executive directors					
Mr. Xiao Juncheng	—	350	5	—	355
Mr. Zhao Nannan (<i>Note (iv)</i>)	—	453	5	540	998
Non-executive directors					
Mr. Long Jiangang (<i>Note (iv)</i>)	—	60	—	—	60
Mr. Guo Zhenyan (<i>Note (iv)</i>)	—	—	—	—	—
Independent non-executive directors					
Mr. Tang Duyuan (<i>Note (iv)</i>)	60	—	—	—	60
Mr. Yan Guoxiang (<i>Note (iv)</i>)	60	—	—	—	60
Ms. Fu jie (<i>Note (iv)</i>)	60	—	—	—	60
Six months ended June 30, 2025 (unaudited)					
Executive directors					
Mr. Xiao Juncheng	—	343	5	—	348
Mr. Wang Yilong (<i>Note (ii)</i>)	—	231	5	—	236
Independent non-executive directors					
Mr. Liu Jie (<i>Note (iii)</i>)	60	—	—	—	60
Mr. Chuai Gongming (<i>Note (iii)</i>)	60	—	—	—	60
Mr. Sun Yang (<i>Note (iii)</i>)	60	—	—	—	60
Supervisors					
Mr. Li Weixiong (<i>Note (iv)</i>)	—	82	5	—	87
Mr. Liao Zhanglong (<i>Note (iv)</i>)	—	44	—	—	44
Mr. Liu Desong (<i>Note (iv)</i>)	—	75	—	—	75

Notes:

- (i) Mr. Wang Yigang no longer serves as a supervisor of the Company since April, 2023 due to his retirement.
- (ii) Mr. Wang Yilong no longer serves as an executive director of the Company since November, 2025 due to the expiration of his term of office.
- (iii) Mr. Liu Jie, Mr. Chuai Gongming and Mr. Sun Yang no longer serves as an executive director of the Company since November, 2025 due to the expiration of their term of office.
- (iv) The Company held the 28th meeting of the 6th Board of Directors on October 28, 2025 and the first extraordinary general meeting of 2025 on November 14, 2025, respectively, at which the following proposals were considered and adopted: the Proposal on Amending the Articles of Association, the Proposal on Early Re-election of the Board of Directors, and the Proposal on Nominating Candidates for Non-independent Directors of the 7th Board of Directors. The number of directors of the Company will be increased from 5 to 7, and the Audit Committee of the Board of Directors will assume the relevant functions and powers of the Board of Supervisors as stipulated by laws and regulations. Mr. Li Weixiong, Mr. Liao Zhanglong, and Mr. Liu Desong ceased to serve as supervisors of the Company. Mr. Tang Duyuan, Mr. Yan Guoxiang and Ms. Fu Jie was appointed as independent non-executive directors of the Company. Mr. Zhao Nannan was appointed as an executive director of the Company. Mr. Long Jiangang and Mr. Guo Zhenyan were appointed as non-executive directors of the Company.

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Fees, salaries, allowances and benefits in kind paid to or for the executive directors, independent non-executive directors of the Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Company and its subsidiaries.

There was no arrangement under which directors and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Group to the directors of the Company and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period.

(c) Five highest paid individuals

During the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025, 2026, the five highest paid individuals included 1, 1, 1, 1 (unaudited) and 2 directors, respectively, whose emoluments are reflected in note 9(b) above. The aggregate emoluments payable to the remaining 4, 4, 4, 4 (unaudited) and 3 individuals during the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025, 2026 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	RMB'000
				(unaudited)	
Salaries, allowances, discretionary bonuses and benefits in kind	4,286	4,860	3,859	984	620
Retirement scheme contributions	29	33	37	18	14
Share-based compensation expenses	3,889	5,351	2,685	2,399	440
	<u>8,204</u>	<u>10,244</u>	<u>6,581</u>	<u>3,401</u>	<u>1,074</u>

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group. The emoluments of the remaining highest paid individuals fell within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
HK\$1–HK\$500,000	—	—	—	—	3
HK\$500,001–HK\$1,000,000	—	—	—	3	—
HK\$1,000,001–HK\$1,500,000	3	—	—	—	—
HK\$1,500,001–HK\$2,000,000	—	3	4	1	—
HK\$2,000,001–HK\$2,500,000	1	—	—	—	—
HK\$2,500,001–HK\$3,000,000	—	1	—	—	—
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>

10. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expense on bank borrowings	23,025	40,695	46,994	22,440	31,339
Interest expense on lease liabilities (Note 15)	763	2,544	2,558	1,343	1,190
Interest expense on redemption liabilities	—	—	2,256	750	750
	<u>23,788</u>	<u>43,239</u>	<u>51,808</u>	<u>24,533</u>	<u>33,279</u>

Note: During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the amount of approximately nil, RMB925,000, RMB4,918,000, RMB4,918,000(unaudited) and RMB3,433,000 of finance costs were capitalised in construction in progress.

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11. INCOME TAX EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current income tax	27,696	46,411	28,895	16,253	40,121
Deferred income tax (<i>Note 25</i>)	(18,448)	(283)	(24,518)	(14,521)	(35,942)
Income tax expense	9,248	46,128	4,377	1,732	4,179

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC Enterprise Income Tax (“EIT”)

Under the PRC Enterprise Income Tax Law and relevant regulations, the applicable statutory enterprise income tax rate for the Company and its subsidiaries in Chinese Mainland is 25%, while qualified small meager-profit enterprises are subject to a reduced rate of 20%, and High and New Technology Enterprises (“**High-tech Enterprises**”) enjoy a preferential income tax rate of 15%.

During the Track Record Period, certain subsidiaries of the Group have obtained High-tech Enterprises and hence they are entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years.

Pursuant to Caishui [2022] No. 13 “**Announcement on Further Implementing the Income Tax Preferential Policies for Small Meager-profit Enterprises**” (關於進一步實施小微企業所得稅優惠政策的公告), certain subsidiaries were qualified as small meager-profit enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from January 1, 2022 to December 31, 2024.

Pursuant to Caishui [2023] No. 12 “**Announcement on the Income Tax Preferential Policies for Small Meager-profit Enterprises and Self-employed Businesses**” (關於小微企業和個體工商戶所得稅優惠政策的公告), certain subsidiaries were qualified as small meager-profit enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from January 1, 2023 to December 31, 2027.

(b) Hong Kong Profits Tax

A Hong Kong subsidiary is subject to the two-tiered profits tax regime. Under this regime, the first HK\$2 million of assessable profits of the qualifying group entity is taxed at a concessional rate of 8.25%, with the remaining portion of profits taxed at the standard rate of 16.5%.

(c) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

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Reconciliation between the income tax expense and profit before income tax in the consolidated statements of comprehensive income is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before income tax	226,091	346,290	219,339	111,576	119,888
Tax at the statutory tax rate of 25%	56,523	86,573	54,835	27,894	29,972
Tax effect of					
— different tax rates of the subsidiaries	(18,914)	(32,472)	(27,051)	(15,737)	(9,898)
— non-deductible expenses	1,327	289	891	659	257
— deductible temporary differences and tax losses not recognised	12,740	23,587	25,366	9,621	14,987
— changes in deferred tax assets/liabilities at the beginning of the year/period due to tax rate adjustments	—	956	—	—	—
— utilisation of temporary differences and tax losses previously not recognised	(9,198)	(4,838)	(11,319)	(6,971)	(5,642)
— adjustments in respect of current tax of prior years/periods	(844)	(425)	775	28	(761)
— additional deduction of research and development expense (<i>Note a</i>)	(32,386)	(27,542)	(28,028)	(13,762)	(12,235)
— corporate income tax exemption and reduction under Board of Investment of Thailand (<i>Note c</i>)	—	—	(11,092)	—	(12,501)
Income tax expense	9,248	46,128	4,377	1,732	4,179

Notes:

- (a) In accordance with the relevant tax laws and regulations of the PRC, for research and development expenses incurred by the Group for developing new technologies, products, and processes, where such expenses do not recognised as intangible assets and are accounted for as current profit or loss, on the basis of the actual deduction according to the law, an additional 100% deduction of the actual amount is allowed for the purpose of calculating the taxable income for the period commencing from January 1, 2023. For intangible assets recognised, the amortization of the intangible assets is deductible at 200% of the asset cost during the aforementioned period.
- (b) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, for equipment and appliances newly purchased by enterprises with a unit value not exceeding RMB5,000,000, the purchase costs are allowed to be deducted from the current year's taxable income, and depreciation is not deductible afterwards.
- (c) Pursuant to the promotion certificate approved by the Board of Investment of Thailand, Eaglerise Electric & Electronic (Thailand) Co., Ltd. is eligible for investment tax incentives entitling it to a three-year corporate income tax exemption from the date it commences operating revenue, applicable to net profits derived from its operations up to 100% of the invested capital (excluding land and current assets).

12. 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
				(unaudited)	
Dividends attributable to the year/period					
Final dividends	75,219	115,674	116,534	116,534	83,796
Interim dividend	—	—	—	—	42,013
	75,219	115,674	116,534	116,534	125,809

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The final dividends of approximately RMB75,219,000 (RMB2.50 per 10 shares, tax inclusive), RMB115,674,000 (RMB3.00 per 10 shares, tax inclusive), RMB116,534,000 (RMB3.00 per 10 shares, tax inclusive) and RMB83,796,000 (RMB2.00 per 10 shares, tax inclusive) in respect of the years ended December 31, 2022, 2023, 2024 and 2025 were approved by the Annual General Meetings of the Company.

An interim dividend of approximately RMB42,013,000 (RMB1.00 per 10 shares, tax inclusive) in respect of the nine months ended September 30, 2025 was declared in January 2026 and distributed to all shareholders of the Company.

13. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025, 2026, excluding treasury shares held for share schemes as these shares are not considered outstanding for basic EPS calculation purposes.

The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				<i>(unaudited)</i>	
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	208,916	292,095	200,242	104,559	111,787
Weighted average number of ordinary shares in issue (thousand shares) <i>(Note)</i>	331,262	388,159	399,705	382,547	417,943
Basic EPS (in RMB per share)	0.63	0.75	0.50	0.27	0.27

Note: During the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025, 2026, the weighted average number of ordinary shares in issue has been adjusted for the shares issued, the repurchase and cancellation of shares, the placing, and the exercise of share options.

(b) Diluted EPS

The share schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				<i>(unaudited)</i>	
Profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	208,916	292,095	200,242	104,559	111,787
Weighted average number of ordinary shares in issue (thousand shares)	331,262	388,159	399,705	382,547	417,943
Adjustments for potential dilutive ordinary shares arising from share schemes (thousand shares)	2,699	2,865	4,820	4,195	3,885
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	333,961	391,024	404,525	386,742	421,828
Diluted EPS (in RMB per share)	0.63	0.75	0.50	0.27	0.27

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Properties and buildings RMB'000 Note (a)	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Freehold lands RMB'000	Total RMB'000
As at January 1, 2023								
Cost	524,019	385,703	11,961	80,676	4,581	210,927	—	1,217,867
Accumulated depreciation	(62,021)	(93,445)	(5,382)	(57,124)	(2,332)	—	—	(220,304)
Net carrying amount	461,998	292,258	6,579	23,552	2,249	210,927	—	997,563
Year ended December 31, 2023								
Opening net carrying amount	461,998	292,258	6,579	23,552	2,249	210,927	—	997,563
Additions	1,951	30,513	1,537	13,800	3,020	250,120	—	300,941
Disposals	(246)	(3,419)	(188)	(1,447)	—	—	—	(5,300)
Depreciation	(12,943)	(38,216)	(2,014)	(15,532)	(1,118)	—	—	(69,823)
Transfers	89,029	42,127	—	16,522	—	(147,678)	—	—
Exchange realignment	281	(14)	(1)	(11)	(11)	—	—	244
Closing net carrying amount	540,070	323,249	5,913	36,884	4,140	313,369	—	1,223,625
As at December 31, 2023 and January 1, 2024								
Cost	615,056	451,483	12,251	104,219	7,590	313,369	—	1,503,968
Accumulated depreciation	(74,986)	(128,234)	(6,338)	(67,335)	(3,450)	—	—	(280,343)
Net carrying amount	540,070	323,249	5,913	36,884	4,140	313,369	—	1,223,625
Year ended December 31, 2024								
Opening net carrying amount	540,070	323,249	5,913	36,884	4,140	313,369	—	1,223,625
Additions	8,362	91,453	2,944	17,467	5,220	1,504,098	26,133	1,655,677
Disposals	(16,830)	(1,313)	—	(350)	—	—	—	(18,493)
Depreciation	(16,534)	(49,885)	(1,928)	(17,140)	(1,576)	—	—	(87,063)
Transfers	252,658	164,095	4,171	19,321	—	(440,245)	—	—
Exchange realignment	276	67	(10)	26	47	—	—	406
Closing net carrying amount	768,002	527,666	11,090	56,208	7,831	1,377,222	26,133	2,774,152
As at December 31, 2024 and January 1, 2025								
Cost	856,768	700,787	19,341	138,496	12,857	1,377,222	26,133	3,131,604
Accumulated depreciation	(88,766)	(173,121)	(8,251)	(82,288)	(5,026)	—	—	(357,452)
Net carrying amount	768,002	527,666	11,090	56,208	7,831	1,377,222	26,133	2,774,152
Year ended December 31, 2025								
Opening net carrying amount	768,002	527,666	11,090	56,208	7,831	1,377,222	26,133	2,774,152
Additions	1,939	206,902	3,721	31,892	3,647	1,151,590	74,774	1,474,465
Disposals	(495)	(5,722)	(55)	(503)	—	—	—	(6,775)
Depreciation	(31,534)	(79,581)	(3,091)	(29,021)	(4,192)	—	—	(147,419)
Transfers	866,855	400,483	613	18,411	—	(1,286,362)	—	—
Additions due to the acquisition of a subsidiary	—	1,225	32	96	—	—	—	1,353
Exchange realignment	302	1,459	41	178	45	—	547	2,572
Closing net carrying amount	1,605,069	1,052,432	12,351	77,261	7,331	1,242,450	101,454	4,098,348
As at December 31, 2025 and January 1, 2026								
Cost	1,725,316	1,301,844	23,670	185,205	16,549	1,242,450	101,454	4,596,488
Accumulated depreciation	(120,247)	(249,412)	(11,319)	(107,944)	(9,218)	—	—	(498,140)
Net carrying amount	1,605,069	1,052,432	12,351	77,261	7,331	1,242,450	101,454	4,098,348
Six months ended June 30, 2026								
Opening net carrying amount	1,605,069	1,052,432	12,351	77,261	7,331	1,242,450	101,454	4,098,348
Additions	—	22,562	2,044	11,874	2,879	276,535	—	315,894
Disposals	—	(5,071)	(47)	(1,956)	—	—	—	(7,074)
Depreciation	(22,103)	(59,406)	(1,753)	(16,053)	(2,588)	—	—	(101,903)
Transfers	335,305	230,478	—	10,069	—	(575,852)	—	—
Disposal of a subsidiary	(201,704)	(10,195)	—	(766)	—	—	—	(212,665)
Exchange realignment	(25,654)	(4,998)	(72)	(355)	(4)	(599)	(5,772)	(37,454)
Closing net carrying amount	1,690,913	1,225,802	12,523	80,074	7,618	942,534	95,682	4,055,146

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	Properties and buildings RMB'000 <i>Note (a)</i>	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Freehold lands RMB'000	Total RMB'000
As at June 30, 2026								
Cost	1,773,660	1,508,099	25,381	187,054	19,390	942,534	95,682	4,551,800
Accumulated depreciation	(82,747)	(282,297)	(12,858)	(106,980)	(11,772)	—	—	(496,654)
Net carrying amount	<u>1,690,913</u>	<u>1,225,802</u>	<u>12,523</u>	<u>80,074</u>	<u>7,618</u>	<u>942,534</u>	<u>95,682</u>	<u>4,055,146</u>

Notes:

- (a) The Group’s properties and buildings located in the PRC with carrying amounts of approximately RMB155,744,000, RMB131,355,000, RMB209,932,000 and nil as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively, were in the process of obtaining the property ownership certificates. As of the end of each reporting period, the directors of the Company are of the opinion, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group’s consolidated statements of financial positions as at December 31, 2023, 2024, 2025. As of the date of this report, all ownership certificates are still being processed.
- (b) The Group has pledged certain property, plant and equipment with the following carrying amounts to secure borrowings granted to the Group. Details of the Group’s property, plant and equipment pledged for the Group’s borrowings are as below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Properties and buildings	<u>215,031</u>	<u>178,591</u>	<u>299,114</u>	<u>719,282</u>

- (c) Depreciation of the Group’s property, plant and equipment has been recognised as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost of sales	52,812	57,492	76,928	33,369	65,495
General and administrative expenses	10,193	16,930	50,219	20,416	27,427
Selling expenses	1,502	1,745	2,806	1,809	1,169
Research and development expenses	<u>5,316</u>	<u>10,896</u>	<u>17,466</u>	<u>8,931</u>	<u>7,812</u>
	<u>69,823</u>	<u>87,063</u>	<u>147,419</u>	<u>64,525</u>	<u>101,903</u>

- (d) During the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025, 2026, the amount of approximately nil, RMB925,000, RMB4,918,000 and RMB4,918,000 (unaudited), RMB3,433,000 of finance costs were capitalised in construction in progress.

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The Company

	Machinery RMB'000	Transportation equipment RMB'000	Electronic equipment and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
As at January 1, 2023						
Cost	10,433	410	12,438	884	—	24,165
Accumulated depreciation	(10,433)	(370)	(11,933)	—	—	(22,736)
Net carrying amount	—	40	505	884	—	1,429
Year ended December 31, 2023						
Opening net carrying amount	—	40	505	884	—	1,429
Additions	774	162	—	92	13,881	14,909
Disposals	—	—	(146)	—	—	(146)
Depreciation	(86)	(183)	(11)	(372)	—	(652)
Closing net carrying amount	688	19	348	604	13,881	15,540
As at December 31, 2023 and January 1, 2024						
Cost	11,207	323	12,195	976	13,881	38,582
Accumulated depreciation	(10,519)	(304)	(11,847)	(372)	—	(23,042)
Net carrying amount	688	19	348	604	13,881	15,540
Year ended December 31, 2024						
Opening net carrying amount	688	19	348	604	13,881	15,540
Additions	—	—	35	—	10,721	10,756
Disposals	(597)	(8)	(137)	—	—	(742)
Depreciation	(91)	(1)	(7)	(440)	—	(539)
Closing net carrying amount	—	10	239	164	24,602	25,015
As at December 31, 2024 and January 1, 2025						
Cost	10,433	161	11,069	976	24,602	47,241
Accumulated depreciation	(10,433)	(151)	(10,830)	(812)	—	(22,226)
Net carrying amount	—	10	239	164	24,602	25,015
Year ended December 31, 2025						
Opening net carrying amount	—	10	239	164	24,602	25,015
Additions	—	—	937	—	1,847	2,784
Disposals	(20,433)	(10)	(255)	—	—	(20,698)
Depreciation	(1,132)	—	(842)	(156)	—	(2,130)
Transfers	21,565	—	—	—	(21,565)	—
Closing net carrying amount	—	—	79	8	4,884	4,971
As at December 31, 2025 and January 1, 2026						
Cost	10,433	—	579	976	4,884	16,872
Accumulated depreciation	(10,433)	—	(500)	(968)	—	(11,901)
Net carrying amount	—	—	79	8	4,884	4,971
Six months ended June 30, 2026						
Opening net carrying amount	—	—	79	8	4,884	4,971
Additions	—	—	—	—	2,218	2,218
Disposals	—	—	(29)	—	—	(29)
Depreciation	—	—	(1)	(8)	—	(9)
Closing net carrying amount	—	—	49	—	7,102	7,151
As at June 30, 2026						
Cost	—	—	501	—	7,102	7,603
Accumulated depreciation	—	—	(452)	—	—	(452)
Net carrying amount	—	—	49	—	7,102	7,151

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15. LEASES

The Group

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings <i>RMB'000</i> <i>Note (a)</i>	Machinery <i>RMB'000</i>	Land use rights <i>RMB'000</i> <i>Note (b)</i>	Total <i>RMB'000</i>
As at January 1, 2023	14,226	1,567	64,878	80,671
Additions	15,060	—	6,854	21,914
Depreciation	(11,308)	(1,567)	(1,568)	(14,443)
Lease modification and termination	(4,005)	—	—	(4,005)
As at December 31, 2023 and January 1, 2024	13,973	—	70,164	84,137
Additions	85,202	—	—	85,202
Depreciation	(26,052)	—	(1,579)	(27,631)
Exchange realignment	90	—	—	90
As at December 31, 2024 and January 1, 2025	73,213	—	68,585	141,798
Additions	28,642	—	19,311	47,953
Depreciation	(32,720)	—	(1,806)	(34,526)
Lease modification and termination	(2,560)	—	—	(2,560)
Exchange realignment	101	—	11	112
As at December 31, 2025 and January 1, 2026	66,676	—	86,101	152,777
Additions	27,446	—	—	27,446
Depreciation	(21,141)	—	(794)	(21,935)
Disposal of a subsidiary	—	—	(13,457)	(13,457)
Lease modification and termination	(632)	—	—	(632)
Exchange realignment	1,970	—	(103)	1,867
As at June 30, 2026	<u>74,319</u>	<u>—</u>	<u>71,747</u>	<u>146,066</u>

Notes:

- The Group has obtained the right to use buildings and others in its operations through tenancy agreements. The leases typically run for an initial period of 1 to 6 years.
- Land use rights are all located in the PRC with a lease period of 50 years. Lump sum payments were made upfront to acquire these property interests from the relevant government authorities.
- Depreciation of the Group’s right-of-use assets has been recognised 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>RMB'000</i>
				<i>(unaudited)</i>	
Cost of sales	13,412	25,980	31,902	16,000	20,025
General and administrative expenses	1,031	1,651	1,707	722	1,262
Selling expenses	—	—	917	594	362
Research and development expenses	—	—	—	—	286
	<u>14,443</u>	<u>27,631</u>	<u>34,526</u>	<u>17,316</u>	<u>21,935</u>

- Certain right-of-use assets are pledged as security for the Group’s borrowings, details are disclosed in note 40 to the Historical Financial Information.

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(b) Lease liabilities

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total minimum lease payments	15,590	80,878	73,632	84,062
Future interest expense on lease liabilities	(500)	(4,235)	(2,799)	(3,592)
	<u>15,090</u>	<u>76,643</u>	<u>70,833</u>	<u>80,470</u>
Current	8,120	25,652	30,138	35,893
Non-current	<u>6,970</u>	<u>50,991</u>	<u>40,695</u>	<u>44,577</u>
	<u>15,090</u>	<u>76,643</u>	<u>70,833</u>	<u>80,470</u>

The maturity analysis of lease liabilities is disclosed in note 47 to the Historical Financial Information.

(c) The amounts recognised in the consolidated statements of comprehensive income in relation to leases 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	RMB'000
				(unaudited)	
Interest on lease liabilities	763	2,544	2,558	1,343	1,190
Depreciation of right-of-use assets	14,443	27,631	34,526	17,316	21,935
Expense relating to short-term leases and leases of low-value assets	<u>8,292</u>	<u>11,909</u>	<u>7,730</u>	<u>3,865</u>	<u>3,224</u>
	<u>23,498</u>	<u>42,084</u>	<u>44,814</u>	<u>22,524</u>	<u>26,349</u>

The Company

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings
	RMB'000
As at January 1, 2023	2,510
Disposals	(491)
Depreciation	<u>(1,347)</u>
As at December 31, 2023 and January 1, 2024	672
Depreciation	<u>(672)</u>
As at December 31, 2024, 2025 and June 30, 2026	<u>—</u>

(d) Lease liabilities

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total minimum lease payments	708	—	—	—
Future interest expense on lease liabilities	<u>(10)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>698</u>	<u>—</u>	<u>—</u>	<u>—</u>
Current	<u>698</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Group as a lessor

No significant properties were rent out by the Group during the Track Record Period.

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16. INTANGIBLE ASSETS

The Group

	Patent rights RMB'000	Software RMB'000	Total RMB'000
As at January 1, 2023			
Cost	11,669	58,173	69,842
Accumulated amortisation	(5,543)	(27,230)	(32,773)
Net carrying amount	6,126	30,943	37,069
Year ended December 31, 2023			
Opening net carrying amount	6,126	30,943	37,069
Additions	—	12,877	12,877
Amortisation	(1,167)	(5,334)	(6,501)
Closing net carrying amount	4,959	38,486	43,445
As at December 31, 2023 and January 1, 2024			
Cost	11,669	71,050	82,719
Accumulated amortisation	(6,710)	(32,564)	(39,274)
Net carrying amount	4,959	38,486	43,445
Year ended December 31, 2024			
Opening net carrying amount	4,959	38,486	43,445
Additions	—	19,777	19,777
Amortisation	(1,167)	(6,315)	(7,482)
Exchange realignment	—	10	10
Closing net carrying amount	3,792	51,958	55,750
As at December 31, 2024 and January 1, 2025			
Cost	11,669	90,837	102,506
Accumulated amortisation	(7,877)	(38,879)	(46,756)
Net carrying amount	3,792	51,958	55,750
Year ended December 31, 2025			
Opening net carrying amount	3,792	51,958	55,750
Additions	39	20,638	20,677
Amortisation	(1,398)	(8,789)	(10,187)
Additions due to the acquisition of a subsidiary	1,370	—	1,370
Exchange realignment	—	10	10
Closing net carrying amount	3,803	63,817	67,620
As at December 31, 2025 and January 1, 2026			
Cost	13,078	111,493	124,571
Accumulated amortisation	(9,275)	(47,676)	(56,951)
Closing net carrying amount	3,803	63,817	67,620
Six months ended June 30, 2026			
Opening net carrying amount	3,803	63,817	67,620
Additions	10	6,679	6,689
Amortisation	(700)	(4,726)	(5,426)
Exchange realignment	—	(6)	(6)
Closing net carrying amount	3,113	65,764	68,877
As at June 30, 2026			
Cost	13,088	118,166	131,254
Accumulated amortisation	(9,975)	(52,402)	(62,377)
Closing net carrying amount	3,113	65,764	68,877

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(a) *Amortisation of the Group’s intangible assets has been recognised as follows*

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Cost of sales	602	2,412	4,311	2,046	2,210
General and administrative expenses	5,720	4,607	5,340	2,512	2,669
Selling expenses	47	102	53	23	117
Research and development expenses	132	361	483	203	430
	<u>6,501</u>	<u>7,482</u>	<u>10,187</u>	<u>4,784</u>	<u>5,426</u>

The Company

Software
RMB'000

As at January 1, 2023

Cost	18,883
Accumulated amortisation	<u>(17,010)</u>
Net carrying amount	<u>1,873</u>

Year ended December 31, 2023

Opening net carrying amount	1,873
Amortisation	<u>(364)</u>
Closing net carrying amount	<u>1,509</u>

As at December 31, 2023 and January 1, 2024

Cost	18,883
Accumulated amortisation	<u>(17,374)</u>
Net carrying amount	<u>1,509</u>

Year ended December 31, 2024

Opening net carrying amount	1,509
Additions	925
Disposals	(109)
Amortisation	<u>(336)</u>
Closing net carrying amount	<u>1,989</u>

As at December 31, 2024 and January 1, 2025

Cost	19,647
Accumulated amortisation	<u>(17,658)</u>
Net carrying amount	<u>1,989</u>

Year ended December 31, 2025

Opening net carrying amount	1,989
Additions	4,585
Amortization	(490)
Disposals	<u>(5,125)</u>
Closing net carrying amount	<u>959</u>

As at December 31, 2025 and January 1, 2026

Cost	18,892
Accumulated amortisation	<u>(17,933)</u>
Net carrying amount	<u>959</u>

Six months ended June 30, 2026

Opening net carrying amount	959
Amortisation	<u>(153)</u>
Closing net carrying amount	<u>806</u>

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	Software RMB'000
As at June 30, 2026	
Cost	10,574
Accumulated amortisation	<u>(9,768)</u>
Net carrying amount	<u><u>806</u></u>

17. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Unlisted investment	<u>18,772</u>	<u>19,229</u>	<u>18,971</u>	<u>15,641</u>
Opening net carrying amount	72,556	18,772	19,229	18,971
Share of results	<u>(53,784)</u>	<u>457</u>	<u>(258)</u>	<u>(3,330)</u>
Closing net carrying amount	<u><u>18,772</u></u>	<u><u>19,229</u></u>	<u><u>18,971</u></u>	<u><u>15,641</u></u>

During the year ended December 31, 2023, the directors of the Company conducted an impairment review of the carrying amount of the associate which is engaged in EV charging and swapping equipment and sustained losses in recent years. Based on the assessment, the recoverable amount of the cash generating unit is estimated to be less than the carrying amount of the interest in that associate. Accordingly, the management of the Group determined that an impairment loss of RMB50,020,000 was recognised in the profit or loss included under share of results of an associate for the year ended December 31, 2023. The recoverable amount of the cash generating unit is determined based on value in use calculations which are derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by the management of the Group. Beyond the 5-year forecast period, a stable and constant earnings level is assumed for the perpetuity period under the going concern basis. Key assumptions are those regarding the discount rates, expected revenue stream and gross margin during the year. Management estimates discount rate of 12.7% using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the cash generating unit.

In the opinion of the management of the Group, this investment in an associate is immaterial to the Group and the Company.

There were no material contingent liabilities relating to the Group’s and the Company’s investment in an associate.

18. GOODWILL

	Year ended December 31, 2023 RMB'000	2024 RMB'000	2025 RMB'000	Six months ended June 30, 2026 RMB'000
At the beginning of the year				
Cost	51,527	51,527	51,527	64,028
Impairment	<u>(14,278)</u>	<u>(14,278)</u>	<u>(14,278)</u>	<u>(14,278)</u>
Net carrying amount	<u><u>37,249</u></u>	<u><u>37,249</u></u>	<u><u>37,249</u></u>	<u><u>49,750</u></u>
At the beginning of the year	37,249	37,249	37,249	49,750
Additions	<u>—</u>	<u>—</u>	<u>12,501</u>	<u>—</u>
At the end of the year	<u><u>37,249</u></u>	<u><u>37,249</u></u>	<u><u>49,750</u></u>	<u><u>49,750</u></u>
At the end of the year				
Cost	51,527	51,527	64,028	64,028
Impairment	<u>(14,278)</u>	<u>(14,278)</u>	<u>(14,278)</u>	<u>(14,278)</u>
Net carrying amount	<u><u>37,249</u></u>	<u><u>37,249</u></u>	<u><u>49,750</u></u>	<u><u>49,750</u></u>

Note: During the year ended December 31, 2025, the Company entered into a share transfer agreement with the shareholders of Jiangxi Yuandian New Materials Co., Ltd, which are independent third parties. The agreement stipulated the transfer of 85% equity interest in Jiangxi Yuandian New Materials Co., Ltd. to the Company for a consideration of approximately RMB20,230,000, resulting in goodwill of approximately RMB12,501,000 at the consolidated financial statements upon the completion in July 2025.

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Impairment tests for goodwill

The carrying amount of goodwill are allocated to the CGU of the Group as follows:

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
DEG INDUSTRIAL SUPPLIES SDN.BHD. Shenzhen Dingshuo Tongbang Technology Co., Ltd (深圳市鼎碩同邦科技有限公司) (“SZ DINGSHUO”)	37,249	37,249	37,249	37,249
Jiangxi Yuandian New Materials Co., Ltd. (江西源點新材料有限公司) (“JX YUANDIAN”)	—	—	12,501	12,501
	<u>37,249</u>	<u>37,249</u>	<u>49,750</u>	<u>49,750</u>

The goodwill of DEG INDUSTRIAL SUPPLIES SDN.BHD. has been fully impaired.

For the purposes of impairment testing, the recoverable amounts of CGU of SZ DINGSHUO and JX YUANDIAN are determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by management of the Group. Beyond the 5-year forecast period, a stable and constant earnings level is assumed for the perpetuity period under the going concern basis.

The following are the key assumptions on which management of the Group has used in its cash flow projections to undertake impairment testing of goodwill of SZ DINGSHUO:

	2023	As at December 31, 2024	2025	As at June 30, 2026
Growth rate of revenue over the forecast period	4.88%~11.70%	4.86%~34.79%	4.91%~13.11%	4.95%~6.09%
Pre-tax profit margin	9.61%~10.24%	8.95%~10.90%	10.61%~11.54%	8.43%~9.80%
Pre-tax discount rate	11.70%	10.65%	10.63%	11.02%

The following are the key assumptions on which management of the Group has used in its cash flow projections to undertake impairment testing of goodwill of JX YUANDIAN:

	As at December 31, 2025	As at June 30, 2026
Growth rate of revenue over the forecast period	4.11%~10.00%	–7.04%~3.00%
Pre-tax profit margin	3.57%~5.17%	5.66%~6.92%
Pre-tax discount rate	12.42%	12.89%

Growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budget year, increased for management’s expectation of the future market.

Pre-tax profit margin — The basis is calculated based on historical data and management’s projections for future market conditions.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on growth rate of revenue, pre-tax profit margin and discount rate are consistent with external information sources.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the management of the Group has determined that there is no impairment of the CGU of SZ DINGSHUO as the recoverable amount exceeds its carrying amount by approximately RMB49,391,000, RMB19,657,000, RMB94,995,000 and RMB81,924,000, respectively. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU of SZ DINGSHUO to exceed the recoverable amount determined.

As at December 31, 2025 and June 30, 2026, the management of the Group has determined that there is no impairment of the CGU of JX YUANDIAN as the recoverable amount exceeds its carrying amount by approximately RMB4,909,000 and RMB2,003,000. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU of JX YUANDIAN to exceed the recoverable amount determined.

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The Group performed impairment sensitivity analysis on the CGU of SZ DINGSHUO and JX YUANDIAN. The recoverable amount of these CGUs would equal their carrying amount if the key assumptions were to change as follows, with separate variations applied to reasonably probable revenue growth rate, pre-tax profit margin and pre-tax discount rate as at December 31, 2023, 2024, 2025 and June 30, 2026.

SZ DINGSHUO

	2023	As at December 31, 2024	2025	As at June 30, 2026
Decrease in compound growth rate of revenue	17.94%	5.43%	16.50%	5.06%
Decrease in pre-tax profit margin	5.15%	2.01%	5.25%	3.79%
Increase in pre-tax discount rate	13.34%	2.48%	10.05%	7.00%

JX YUANDIAN

		As at December 31, 2026	As at June 30, 2026
Decrease in compound growth rate of revenue		1.78%	2.20%
Decrease in pre-tax profit margin		0.71%	0.62%
Increase in pre-tax discount rate		2.08%	1.56%

19. TIME DEPOSITS

The Group

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Non-current				
Large-denomination certificates of deposit with a maturity exceeding one year	49,636	—	—	—
Current				
Large-denomination certificates of deposit maturing within one year	—	50,703	—	—
Short-term time deposits with original maturities of over three months and due within one year	—	21,939	21,634	17,746
Fixed-income bank wealth managements products (“WMPs”)	74,590	24,947	—	—
	74,590	97,589	21,634	17,746
Denominated in:				

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
USD	—	21,939	21,634	17,746
RMB	124,226	75,650	—	—
	124,226	97,589	21,634	17,746

The Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Current				
Fixed-income bank WMPs	34,444	24,451	—	—

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Denominated in:

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
RMB	34,444	24,451	—	—

Certain time deposits were pledged as security for the Group’s notes payable, details are disclosed in note 40 to the Historical Financial Information.

20. FINANCIAL ASSETS AT FVTPL

The Group

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Current:				
Bank WMPs and structured deposits (Note)	531,285	—	—	—
Forward foreign exchange contract	—	—	1,147	2,570
	531,285	—	1,147	2,570

The Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Current:				
Bank WMPs and structured deposits (Note)	201,285	—	—	—

Note:

The Bank WMPs and structured deposits are mainly managed by licensed financial institutions in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

21. FINANCIAL ASSETS AT FVTOCI

The Group

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Non-current:				
— Unlisted equity investments at FVTOCI (Note (a))	1,000	1,264	20,356	25,353
Current:				
— Notes receivables measured at FVTOCI (Note (b))	309,416	55,109	150,359	322,952

The Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Non-current:				
— Unlisted equity investments at FVTOCI (Note (a))	1,000	1,000	20,000	24,852
Current:				
— Notes receivables measured at FVTOCI (Note (b))	151,891	2,446	70,284	85,582

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Notes:

- (a) These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments as accounted for FVTOCI as they believe that recognising short-term fair value fluctuations in these instruments in profit or loss would not be consistent with the Group’s strategy of holding these instruments for long-term purposes and realising their performance potential in the long run.
- (b) The balance represents notes receivables held by the Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The notes receivables had a maturity of with six months at the end of each year/period for the Track Record Period. The notes receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group believes that the notes receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the notes receivables are minimal due to its short-term nature.

In addition, the Group has discounted certain notes receivables to banks and endorsed certain notes receivables to its suppliers to settle its payables. The directors of the Company consider the probabilities on default of the discounted or endorsed notes receivables are limited and the Group has derecognised the full carrying amount of these notes receivables and the associated trade and other payables when the notes receivables are endorsed or discounted.

The maximum exposure to the Group that may result from the default of these endorsed and discounted notes receivables as at December 31, 2023, 2024, 2025 and June 30, 2026 are approximately RMB856,049,000, RMB1,082,705,000, RMB1,389,512,000 and RMB1,352,924,000, respectively.

The maximum exposure to the Company that may result from the default of these endorsed and discounted notes receivables as at December 31, 2023, 2024, 2025 and June 30, 2026 are approximately RMB366,105,000, RMB557,337,000, RMB481,399,000 and RMB407,913,000, respectively.

Certain notes receivables measured at FVTOCI are pledged as security for the Group’s notes payables, details are disclosed in Note 40 to the Historical Financial Information.

22. OTHER FINANCIAL ASSETS

The Group and the Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Non-current:				
— Other financial assets (Note (a))	30,000	23,139	18,880	18,880

Note:

- (a) Other financial assets represent investments in unlisted entities which are measured at fair value through profit or loss.

23. DEFERRED INCOME TAX

The Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Deferred tax assets	64,377	55,860	93,340	128,251
Offsetting of deferred tax liabilities	(15,725)	(10,668)	(21,606)	(22,854)
Net deferred tax assets	48,652	45,192	71,734	105,397
Deferred tax liabilities	29,873	21,073	34,028	34,211
Offsetting of deferred tax assets	(15,725)	(10,668)	(21,606)	(22,854)
Net deferred tax liabilities	14,148	10,405	12,422	11,357

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(a) Deferred income tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	ECL allowance and impairment provision RMB'000	Tax losses RMB'000	Unrealised profit on intra-group transactions RMB'000	Accrued expenses RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Fair value changes of financial liabilities at fair value RMB'000	Total RMB'000
As at January 1, 2023	3,313	43,527	—	469	1,908	1,674	—	50,891
Recognised/(reversed) in profit or loss	4,836	(8,918)	6,260	(258)	8,215	(839)	4,190	13,486
As at December 31, 2023 and January 1, 2024	8,149	34,609	6,260	211	10,123	835	4,190	64,377
Recognised/(reversed) in profit or loss	2,162	(5,964)	(5,824)	991	4,439	(131)	(4,190)	(8,517)
As at December 31, 2024 and January 1, 2025	10,311	28,645	436	1,202	14,562	704	—	55,860
Recognised/(reversed) in profit or loss	1,542	11,345	(249)	2,089	11,297	11,279	170	37,473
Additions due to the acquisition of a subsidiary	7	—	—	—	—	—	—	7
As at December 31, 2025	11,860	39,990	187	3,291	25,859	11,983	170	93,340
Recognised/(reversed) in profit or loss	2,822	26,021	4,923	1,176	(782)	921	(170)	34,911
As at June 30, 2026	14,682	66,011	5,110	4,467	25,077	12,904	—	128,251

(b) Deferred income tax liabilities

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Depreciation of property, plant and equipment RMB'000	Right-of-use assets RMB'000	Fair value changes of financial assets at fair value RMB'000	Total RMB'000
As at January 1, 2023	1,532	31,664	1,639	—	34,835
(Reversed)/recognised in profit or loss	(292)	(4,198)	(793)	321	(4,962)
As at December 31, 2023 and January 1, 2024	1,240	27,466	846	321	29,873
(Reversed)/recognised in profit or loss	(292)	(8,292)	105	(321)	(8,800)
As at December 31, 2024 and January 1, 2025	948	19,174	951	—	21,073
(Reversed)/recognised in profit or loss	(228)	2,615	10,396	172	12,955
As at December 31, 2025 and January 1, 2026	720	21,789	11,347	172	34,028
Reversed in profit or loss	(153)	(1,723)	939	(94)	(1,031)
Recognised in other comprehensive income	—	—	—	1,214	1,214
As at June 30, 2026	567	20,066	12,286	1,292	34,211

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(c) Tax losses and deductible temporary differences with deferred income tax assets not recognised

Deferred income tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred income tax asset can be utilised. Temporary differences will not be recognised as deferred income tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred income tax assets at the end of each year/period for the Track Record Period:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
ECL allowance and impairment provision	64,039	71,547	59,531	63,347
Tax losses	31,775	153,838	184,617	219,759
Deferred income	8,604	2,037	158	—
Lease liabilities	—	14,082	8,232	5,422
Accrued expenses	—	543	—	—
	<u>104,418</u>	<u>242,047</u>	<u>252,538</u>	<u>288,528</u>

The Group has unused tax losses of approximately RMB230,494,000, RMB326,594,000, RMB389,017,000 and RMB537,452,000 as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively, available for offset against future profits. As at December 31, 2023, 2024, 2025 and June 30, 2026, certain deferred income tax asset has not been recognised for these tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB31,775,000, RMB153,838,000, RMB184,617,000 and RMB219,759,000, respectively, can be carried forward as below:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
2026	5,215	6,006	792	—
2027	10,466	5,040	2,461	2,461
2028	16,094	10,734	937	842
2029	—	43,705	21,468	18,759
2030	—	—	73,523	69,284
2031	—	—	—	41,531
2034	—	88,353	65,333	58,565
2035 and thereafter	—	—	20,103	28,317
	<u>31,775</u>	<u>153,838</u>	<u>184,617</u>	<u>219,759</u>

The Company

Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	9,938	6,726	10,908	17,865
Offsetting of deferred tax liabilities	<u>(490)</u>	<u>—</u>	<u>—</u>	<u>(1,214)</u>
Net deferred tax assets	<u>9,448</u>	<u>6,726</u>	<u>10,908</u>	<u>16,651</u>
Deferred tax liabilities	490	—	—	1,214
Offsetting of deferred tax assets	<u>(490)</u>	<u>—</u>	<u>—</u>	<u>(1,214)</u>
Net deferred tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	ECL allowance and impairment provision RMB'000	Deferred income RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Fair value changes of financial liabilities at fair value RMB'000	Total RMB'000
As at January 1, 2023	—	—	—	—	—	—
Recognised in profit or loss	3,719	1,854	—	175	4,190	9,938
As at December 31, 2023 and January 1, 2024	3,719	1,854	—	175	4,190	9,938
Recognised/(reversed) in profit or loss	1,545	(392)	—	(175)	(4,190)	(3,212)
As at December 31, 2024 and January 1, 2025	5,264	1,462	—	—	—	6,726
(Reversed)/recognised in profit or loss	(2,255)	(393)	6,830	—	—	4,182
As at December 31, 2025 and January 1, 2026	3,009	1,069	6,830	—	—	10,908
(Reversed)/recognised in profit or loss	(1,070)	(196)	8,223	—	—	6,957
As at June 30, 2026	1,939	873	15,053	—	—	17,865

Deferred income tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred income tax asset can be utilised. Temporary differences will not be recognised as deferred income tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future.

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value changes of financial assets at fair value RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at January 1, 2023	—	—	—
Recognised in profit or loss	322	168	490
As at December 31, 2023 and January 1, 2024	322	168	490
Reversed in profit or loss	(322)	(168)	(490)
As at December 31, 2024, 2025	—	—	—
Recognised in other comprehensive income	1,214	—	1,214
As at June 30, 2026	—	—	—

24. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Investments, at cost	1,498,498	2,170,452	2,655,198	2,728,308

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As at December 31, 2023, 2024, 2025 and June 30, 2026 and the date of this report, the Company’s major subsidiaries are as follows:

Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company										As at the date of this report		Principal activities
			2023		As at December 31, 2024		2025		As at June 30, 2026						
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect			
Foshan Shunde Eaglerise Electric Technology Co., Ltd. (佛山市順德區伊戈爾電力科技有限公司)	PRC	RMB499,000,000	100%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	Manufacturing
Jiangxi Eaglerise Digital Energy Technology Co., Ltd. (江西伊戈爾數字能源技術有限公司)	PRC	RMB500,000,000	100%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	Manufacturing
Ji'an Eaglerise Magnetolectric Technology Co., Ltd. (吉安伊戈爾磁電科技有限公司)	PRC	RMB150,000,000	100%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	Manufacturing
Ji'an Eaglerise Electrical Co., Ltd. (吉安伊戈爾電氣有限公司)	PRC	RMB120,000,000	100%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	Manufacturing
Anhui Nengqi Electrical Technology Co., Ltd. (安徽能啟電氣科技有限公司)	PRC	RMB100,000,000	100%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	Manufacturing
Eaglerise Electric & Electronic (Thailand) Co., Ltd.	Thailand	RMB158,572,760	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	Manufacturing
EAGLERISE RENEWABLE ENERGY USA INC.	United States	RMB213,763,900	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	—	100.00%	Manufacturing

The statutory auditors of the major subsidiaries of the Company during the Track Record Period are as follows:

	Name of statutory auditors						Six months ended June 30,
	Year end December 31,						
	2023		2024		2025		
Foshan Shunde Eaglerise Electric Technology Co., Ltd. (佛山市順德區伊戈爾電力科技有限公司) (Note (c))	RSM China CPA LLP		RSM China CPA LLP		RSM China CPA LLP		N/A
Jiangxi Eaglerise Digital Energy Technology Co., Ltd. (江西伊戈爾數字能源技術有限公司) (Note (c))	RSM China CPA LLP		RSM China CPA LLP		RSM China CPA LLP		N/A
Ji'an Eaglerise Magnetolectric Technology Co., Ltd. (吉安伊戈爾磁電科技有限公司) (Note (c))	RSM China CPA LLP		RSM China CPA LLP		RSM China CPA LLP		N/A
Ji'an Eaglerise Electrical Co., Ltd. (吉安伊戈爾電氣有限公司) (Note (c))	RSM China CPA LLP		RSM China CPA LLP		RSM China CPA LLP		N/A
Anhui Nengqi Electrical Technology Co., Ltd. (安徽能啟電氣科技有限公司) (Note (c))	RSM China CPA LLP		RSM China CPA LLP		RSM China CPA LLP		N/A
Eaglerise Electric & Electronic (Thailand) Co., Ltd. (Note (a), (c))	N/A		RSM Audit Services (Thailand) Limited		CCMC AUDIT CO.,LTD.		N/A
EAGLERISE RENEWABLE ENERGY USA INC. (Note (b))	N/A		N/A		N/A		N/A

Notes:

- No audited financial statements of this subsidiary for the year ended December 31, 2023 as it's newly incorporated and not required to issue audited financial statements under the statutory requirements.
- No audited financial statements were issued for this subsidiary for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026 as they were not required to issue audited financial statements under the statutory requirements of their place of incorporation.
- No audited financial statements were issued for these subsidiaries for the six months ended June 30, 2026 as they were not required to issue audited interim financial statements under the statutory requirements of their place of incorporation.

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The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted December 31, as their financial year/period end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

Acquisition of subsidiaries

- (a) In May 2025, the Group acquired 100% equity interests in Ji’an Yiyuan New Materials Co., Ltd. at a consideration of approximately RMB8,714,000 from Foshan MegaMax Investment Co., Ltd. and Jiangxi Yuandian New Materials Co., Ltd.. This transaction is a business combination under common control.
- (b) In July 2025, the Group acquired 85% equity interests in Jiangxi Yuandian New Materials Co., Ltd. at a consideration of RMB20,230,000 from independent third party. Goodwill of approximately RMB12,501,000 was recognised. The fair values of identifiable assets and liabilities of Jiangxi Yuandian New Materials Co., Ltd. as at the date of acquisition were as follows:

	<i>RMB’000</i>
Cash and bank balances	22
Property, plant and equipment	1,353
Intangible assets	1,370
Inventories	6,593
Prepayments, other receivables and other assets — current	3,459
Trade and bills receivables	12,982
Trade and bills payables	(12,430)
Contract liabilities	(4,251)
Others	(5)
	<u>9,093</u>
Total identifiable net assets at fair value	<u>9,093</u>
Goodwill arising on acquisition:	
Consideration transferred	20,230
Less: fair value of net assets acquired representing 85% equity interests	<u>(7,729)</u>
Goodwill arising on acquisition (<i>Note 18</i>)	<u>12,501</u>

Included in the goodwill of RMB12,501,000 recognised above is attributable to the synergy of business expansion, which does not meet the criteria for recognition as an intangible asset separately under IAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group incurred no transaction costs for the above acquisition.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	<i>RMB’000</i>
Cash consideration	20,230
Cash and bank balances acquired	<u>(22)</u>
Net outflow of cash and cash equivalents included in cash flows used investing activities	<u>20,208</u>

Since the acquisition date, Jiangxi Yuandian New Materials Co., Ltd. has contributed approximately RMB24,432,000 to the Group’s revenue and a net profit of approximately RMB754,000 to the overall result of the Group for the year ended December 31, 2025. If the acquisition had occurred on January 1, 2025, the Group’s revenue would have been approximately RMB5,248,752,000 and the profit of the Group would have been approximately RMB213,734,000 for the year ended December 31, 2025. This 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, 2025, nor is it intended to be a projection of future performance.

Disposal of a subsidiary

In March 2026, the Group disposed of its 100% equity interests in Foshan Eaglerise Power-equipment Co., Limited to an independent third party at a cash consideration of RMB240,000,000. As at June 30, 2026, consideration of RMB232,000,000 had been received.

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Gain on disposal of the subsidiary was calculated as follows:

	<i>RMB'000</i>
Cash and bank balances	3
Property, plant and equipment	212,665
Right-of-use assets	13,457
Others	<u>(8,685)</u>
Total net assets	<u>217,440</u>
Total consideration received and receivable	240,000
Less: total net assets of Foshan Eaglerise Power-equipment Co., Limited	<u>(217,440)</u>
Gains on disposals of a subsidiary (<i>Note 7</i>)	<u>22,560</u>
Net cash inflow arising from disposal of the subsidiary:	
Consideration received	232,000
Less: cash and bank balances of Foshan Eaglerise Power-equipment Co., Limited at disposal date	<u>(3)</u>
Proceeds from disposal of a subsidiary, net of cash disposed	<u>231,997</u>

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	2023 <i>RMB'000</i>	As at December 31, 2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	As at June 30, 2026 <i>RMB'000</i>
Non-current				
Prepayments for acquisition of property, plant and equipment and intangible assets	89,124	82,284	8,310	44,745
Prepayments for acquisition of land use right	3,601	9,411	—	—
Receivable from disposal of land use right in prior year	<u>11,429</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>104,154</u>	<u>91,695</u>	<u>8,310</u>	<u>44,745</u>
Current				
Other receivables				
— Deposits	11,656	15,565	14,530	34,549
— Export tax rebate receivables	4,848	10,061	2,181	4,330
— Government tax refunds receivables	11,841	5,921	—	—
— Receivable from disposal of land use right in prior year	—	7,025	3,280	255
— Advance freight charges on behalf of customer	—	—	6,918	3,660
— Others	<u>8,614</u>	<u>10,713</u>	<u>9,912</u>	<u>11,316</u>
	36,959	49,285	36,821	54,110
Less: ECL allowance (<i>Note (c)</i>)	<u>(3,261)</u>	<u>(4,708)</u>	<u>(3,575)</u>	<u>(5,084)</u>
	33,698	44,577	33,246	49,026
Prepayment for materials and service (<i>Note (a)</i>)	19,569	14,541	14,143	122,192
VAT recoverable (<i>Note (b)</i>)	43,004	214,808	379,504	447,906
Deferred [REDACTED]	—	—	6,559	18,773
Others	<u>2,345</u>	<u>8,143</u>	<u>8,097</u>	<u>13,876</u>
	<u>98,616</u>	<u>282,069</u>	<u>441,549</u>	<u>651,773</u>

Notes:

- (a) The Group had made advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of each year/period of the Track Record Period. As of the end of each year or period of the Track Record Period, the Company had no advance payments with an aging period of more than one year or significant in amount.

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- (b) Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable tax rate for domestic sales of the Group is 13% and 6%.
- (c) The information about the credit risk exposure on the Group’s other receivables using a provision matrix is disclosed in note 47 to the Historical Financial Information.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayments for acquisition of property, plant and equipment	491	71	—	3,000
Long-term receivables from a subsidiary (Note (a))	—	—	—	203,000
Other non-current assets	11,429	—	—	—
	<u>11,920</u>	<u>71</u>	<u>—</u>	<u>206,000</u>
Current				
Other receivables				
— Amounts due from subsidiaries	860,296	996,888	1,848,292	2,279,385
— Deposits	3,620	4,043	2,103	10,024
— Others	167	7,994	3,865	658
	<u>864,083</u>	<u>1,008,925</u>	<u>1,854,260</u>	<u>2,290,067</u>
Less: ECL allowance	<u>(1,576)</u>	<u>(2,002)</u>	<u>(1,420)</u>	<u>(1,304)</u>
	862,507	1,006,923	1,852,840	2,288,763
Prepayment for materials and service				
— Due from subsidiaries	178	34	29,999	—
— Due from other parties	3	540	158	201
VAT recoverable	262	746	823	3,598
Deferred [REDACTED]	—	—	6,559	18,773
Others	—	147	269	152
	<u>862,950</u>	<u>1,008,390</u>	<u>1,890,648</u>	<u>2,311,487</u>

Note:

- (a) These long-term receivables are non-trade in nature.

The balances of other receivables are classified as stage 1 without any significant increase in credit risk tracked since initial recognition. The movements on the ECL allowance of other receivables are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	2,502	3,261	4,708	3,575
ECL allowance recognised/(reversed), net	752	1,385	(512)	1,611
Written off	—	—	(621)	—
Exchange realignment	7	62	—	(102)
At the end of the year/period	<u>3,261</u>	<u>4,708</u>	<u>3,575</u>	<u>5,084</u>

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The Company

	2023	As at December 31, 2024	2025	Six months ended June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	1,462	1,576	2,002	1,420
ECL allowance recognised/(reversed), net	114	426	(582)	(116)
At the end of the year/period	<u>1,576</u>	<u>2,002</u>	<u>1,420</u>	<u>1,304</u>

26. INVENTORIES

The Group

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	121,616	181,780	223,650	371,465
Work in progress	57,682	99,937	98,693	157,982
Finished goods	143,503	333,340	389,638	472,077
Goods in transit	<u>181,813</u>	<u>142,134</u>	<u>269,654</u>	<u>34,361</u>
	504,614	757,191	981,635	1,035,885
Less: provision for impairment	<u>(20,780)</u>	<u>(23,205)</u>	<u>(23,884)</u>	<u>(37,013)</u>
	<u>483,834</u>	<u>733,986</u>	<u>957,751</u>	<u>998,872</u>

The Company

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	5,400	9,400	5,420	14,161
Work in progress	3	2,284	62	69
Goods in transit	<u>83,030</u>	<u>29,945</u>	<u>9,195</u>	<u>—</u>
	88,433	41,629	14,677	14,230
Less: provision for impairment	<u>—</u>	<u>(14)</u>	<u>(439)</u>	<u>(27)</u>
	<u>88,433</u>	<u>41,615</u>	<u>14,238</u>	<u>14,203</u>

The management of the Group and of the Company review the condition of inventories and make allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. Inventory review is carried out at each reporting date on a product-by-product basis and makes allowance by reference to the latest market prices and current market conditions for the Group and the Company.

27. TRADE AND NOTES RECEIVABLES

The Group

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,237,862	1,843,433	1,758,342	1,544,645
Notes receivables	<u>127,998</u>	<u>291,923</u>	<u>66,410</u>	<u>163,858</u>
	1,365,860	2,135,356	1,824,752	1,708,503
Less: ECL allowance	<u>(27,806)</u>	<u>(42,076)</u>	<u>(43,863)</u>	<u>(47,380)</u>
Trade and notes receivables, net	<u>1,338,054</u>	<u>2,093,280</u>	<u>1,780,889</u>	<u>1,661,123</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
Trade receivables				
— Due from subsidiaries	12,581	6,191	29,836	27,499
— Due from other parties	511,044	748,121	317,175	175,578
Notes receivables	42,148	149,137	—	45,189
	565,773	903,449	347,011	248,266
Less: ECL allowance	(10,222)	(14,974)	(6,364)	(3,560)
Trade and notes receivables, net	555,551	888,475	340,647	244,706

Certain notes receivables are pledged as security for the Group’s borrowings, details are disclosed in note 40 to the Historical Financial Information.

The credit period granted to customers is generally within 180 days during the Track Record Period.

The ageing analysis of trade receivables based on recognition date is as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	1,198,152	1,768,723	1,615,061	1,254,732
Over 6 months to 1 year	27,674	65,495	124,754	258,879
Over 1 year but within 2 years	11,971	3,941	16,956	29,463
Over 2 years but within 3 years	—	5,272	1,571	—
Over 3 years	65	2	—	1,571
	1,237,862	1,843,433	1,758,342	1,544,645

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	523,589	750,538	344,525	202,592
Over 6 months to 1 year	36	370	308	260
Over 1 year but within 2 years	—	3,404	2,178	225
	523,625	754,312	347,011	203,077

Impairment of trade and notes receivables are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	17,080	27,806	42,076	43,863
ECL allowance recognised, net (Note)	10,925	14,255	3,388	3,604
Written off	(201)	(68)	(1,230)	—
Exchange realignment	2	83	(371)	(87)
At the end of the year/period	27,806	42,076	43,863	47,380

Note: Detail information about the impairment of trade receivables and the Group’s exposure to credit risk is described in note 47.

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The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	6,478	10,222	14,974	6,364
ECL allowance recognised/(reversed), net	3,744	4,752	(8,610)	(2,804)
At the end of the year/period	10,222	14,974	6,364	3,560

28. CONTRACT ASSETS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Retention receivables under retention period	157,890	219,163	252,204	263,464
Less: allowance for impairment	(3,497)	(5,057)	(5,246)	(7,254)
	154,393	214,106	246,958	256,210

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Retention receivables under retention period	153,235	203,282	188,602	139,535
Less: allowance for impairment	(3,076)	(4,066)	(3,814)	(2,867)
	150,159	199,216	184,788	136,668

Impairment of contract assets are as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	2,340	3,497	5,057	5,246
ECL allowance recognised, net (<i>Note</i>)	1,157	1,560	189	2,008
At the end of the year	3,497	5,057	5,246	7,254

Note:

- (a) Detail information about the impairment of contract assets and the Group’s exposure to credit risk is described in note 47.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,886	3,076	4,066	3,814
ECL allowance recognised, net	1,190	990	(252)	(947)
At the end of the year	3,076	4,066	3,814	2,867

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29. RESTRICTED BANK DEPOSITS

The Group

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Pledged bank deposits for bank acceptance notes and letters of guarantee	28,378	193,316	188,643	267,035
Bank deposits in relation to litigations (Note a)	5,894	774	32,432	8,512
	<u>34,272</u>	<u>194,090</u>	<u>221,075</u>	<u>275,547</u>

The Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Pledged bank deposits for bank acceptance notes and letters of guarantee	22,952	101,070	115,202	89,314
Bank deposits in relation to litigations (Note a)	—	—	8,512	8,512
	<u>22,952</u>	<u>101,070</u>	<u>123,714</u>	<u>97,826</u>

Note:

- (a) The bank deposits primarily represent the deposits paid by subsidiaries that were sued over product quality issues.

The restricted bank deposits of the Group and the Company are mainly RMB deposits.

30. CASH AND CASH EQUIVALENTS

The Group

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Cash and cash in bank	<u>634,440</u>	<u>551,848</u>	<u>768,255</u>	<u>1,484,069</u>

Denominated in:

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
RMB	270,537	289,003	302,229	439,726
European dollars (“EUR”)	22,792	22,942	15,702	42,139
United states dollars (“USD”)	301,572	209,074	417,123	893,337
Japanese Yen (“JPY”)	36,458	1,061	21,883	21,673
Hong Kong dollars (“HKD”)	19	24,019	32	1,174
Thai Baht (“THB”)	—	1,563	2,782	70,153
Others	<u>3,062</u>	<u>4,186</u>	<u>8,504</u>	<u>15,867</u>
	<u>634,440</u>	<u>551,848</u>	<u>768,255</u>	<u>1,484,069</u>

RMB is not freely convertible into other currencies. However, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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The Company

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash in bank	127,691	30,269	20,349	172,669
Denominated in:				
	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	127,633	30,269	15,379	169,013
USD	58	—	4,966	3,579
EUR	—	—	4	77
	127,691	30,269	20,349	172,669

31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Performance compensation (Note)	16,760	—	—	—
Forward foreign exchange contract	—	—	1,135	2,025
	16,760	—	1,135	2,025

Note: In 2020, the Group acquired 57% equity interest in SZ DINGSHUO from an independent party, which subsequently became a non-controlling interest after the disposal of shares to the Group. Pursuant to the sales and purchase agreement signed, a three-year performance commitment outlined that additional performance compensation payments were required if the performance targets were met. Such performance compensation is measured at fair value. As of December 31, 2023, the directors of the Company remeasured the fair value of the performance compensation at RMB16,760,000, referencing an independent valuation report.

During the year ended December 31, 2024, as part of the settlement of the performance compensation obligation, the Company contributed capital of RMB7,537,000 into SZ DINGSHUO pursuant to an agreement with the non-controlling interest, while the remaining amount of approximately RMB9,348,000 was paid to the non-controlling interest. Such capital contribution did not change the Group’s 57% equity interest in SZ DINGSHUO.

32. TRADE AND NOTES PAYABLES

The Group

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,032,181	1,072,257	1,239,597	1,152,704
Notes payables	199,910	39,923	470,358	390,205
	1,232,091	1,112,180	1,709,955	1,542,909

The carrying amounts of the Group’s trade and notes payables approximated their fair values as at the end of each year/period for the Track Record Period.

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The credit period granted by suppliers is generally within 180 days. The ageing analysis of the trade payables of the Group as at December 31, 2023, 2024, 2025 and June 30, 2026 based on recognised date is as follows:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	1,027,911	1,061,684	1,138,429	1,139,520
Over 1 year but within 2 years	1,564	6,923	100,703	13,145
Over 2 year but within 3 years	2,008	1,535	140	15
Over 3 years	698	2,115	325	24
	<u>1,032,181</u>	<u>1,072,257</u>	<u>1,239,597</u>	<u>1,152,704</u>

The Company

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
— Due to subsidiaries	366,029	267,487	6,938	104,549
— Due to other parties	454	3,556	3,147	8,332
Notes payables				
— Due to subsidiaries	144,000	555,225	743,703	309,082
	<u>510,483</u>	<u>826,268</u>	<u>753,788</u>	<u>421,963</u>

The ageing analysis of the trade payables of the Company as at December 31, 2023, 2024 and 2025 based on recognised date is as follows:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	366,483	270,786	10,087	112,518
Over 1 year but within 2 years	—	257	—	363
	<u>366,483</u>	<u>271,043</u>	<u>10,087</u>	<u>112,881</u>

33. CONTRACT LIABILITIES

The Group

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advance payments from customers	<u>22,105</u>	<u>29,858</u>	<u>53,037</u>	<u>182,168</u>

The Company

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advance payments from customers	<u>126</u>	<u>5,689</u>	<u>8,908</u>	<u>5,368</u>

Contract liabilities mainly arise from the advance payments from customers upon which the performance obligations have been established while the underlying services or goods are yet to be provided.

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Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities:

The Group

	Year ended December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year/period	9,585	22,105	29,858	53,037

34. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Deferred income	53,910	80,978	125,196	120,641
Redemption liabilities (Note)	—	30,000	32,256	33,006
	<u>53,910</u>	<u>110,978</u>	<u>157,452</u>	<u>153,647</u>
Current				
Dividends payable	959	1,433	1,433	1,245
Accrued expenses	15,257	25,858	86,058	59,921
Payable for expenses advanced by customers	—	—	—	58,052
Restricted share repurchase obligation	33,772	66,047	29,380	13,219
Endorsed notes receivables that have not been derecognised and not yet due	61,966	162,216	13,608	30,853
Deposits and security deposits received	8,424	7,101	17,819	10,002
Payroll and welfare payables	88,467	100,124	110,354	58,539
Other tax payables	14,931	9,042	16,551	15,543
Payables for acquisition of property, plant and equipment	54,927	179,926	429,737	411,724
Others	<u>14,207</u>	<u>14,218</u>	<u>11,691</u>	<u>11,911</u>
	<u>292,910</u>	<u>565,965</u>	<u>716,631</u>	<u>671,009</u>

Note: During the year ended December 31, 2024, Xiao Yucheng, Zhou Jianqing, Li Weiqiang, Shenzhen Ninghaorui Investment Co., Ltd., and Zi Quan (Shenzhen) Information Consulting Co., Ltd. collectively injected RMB30,000,000 into the Group's subsidiary, Guangdong Eaglerise Intelligent Appliances Co., Ltd.

At the same time, the subsidiary agreed with the shareholders in agreements to grant the shareholders with redemption rights. The Group recognised its obligation of redemption as financial liabilities initially measured at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs, which is recognised using effective interest method.

The movements of redemption liabilities during the Track Record Period are as follows:

	RMB'000
As at January 1, 2023, December 31, 2023 and January 1, 2024	—
Addition	<u>30,000</u>
As at December 31, 2024 and January 1, 2025	30,000
Interest expense	<u>2,256</u>
As at December 31, 2025 and January 1, 2026	32,256
Interest expense	<u>750</u>
As at June 30, 2026	<u>33,006</u>

The redemption amount is the total amount paid by the investors to obtain the equity interest of the subsidiary, plus an annual simple interest rate of 5% per annum.

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The Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Non-current				
Deferred income	7,417	5,846	4,276	3,490
Current				
Dividends payable	959	1,433	1,433	1,245
Amounts due to subsidiaries	148,424	635,174	698,576	1,070,201
Restricted share repurchase obligation	33,772	66,047	29,380	13,219
Endorsed notes receivables that have not been derecognised and not yet due	10,280	6,054	—	14,041
Deposits and security deposits received	1,804	875	680	275
Payroll and welfare payables	6,424	5,066	6,239	555
Other tax payables	5,284	54	3,735	1,681
Payables for acquisition of property, plant and equipment	123	4,891	7,948	7,391
Others	110	286	1,246	604
	207,180	719,880	749,237	1,109,212

35. BANK BORROWINGS

The Group

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Non-current				
Non-current portion of long-term bank borrowings — unsecured and unguaranteed	—	—	18,988	271,995
Non-current portion of long-term bank borrowings — unsecured but guaranteed (Note (a))	196,026	185,548	186,268	890,789
Non-current portion of long-term bank borrowings — secured and guaranteed (Note (b))	—	285,052	234,800	405,179
	196,026	470,600	440,056	1,567,963
Current				
Short-term bank borrowings — secured but unguaranteed (Note (c))	6,776	872,793	504,658	212,508
Short-term bank borrowings — unsecured and unguaranteed	—	—	90,929	119,920
Short-term bank borrowings — unsecured but guaranteed (Note (a))	235,197	284,840	689,804	998,151
Short-term bank borrowings — secured and guaranteed (Note (b))	—	—	80,053	—
Current portion of long-term bank borrowings — unsecured and unguaranteed	—	—	1,651	9,314
Current portion of long-term bank borrowings — unsecured but guaranteed (Note (a))	10,156	10,161	181,151	272,025
Current portion of long-term bank borrowings — secured and guaranteed (Note (b))	—	20,264	30,176	48,936
	252,129	1,188,058	1,578,422	1,660,854

As at December 31, 2023, 2024, 2025 and June 30, 2026, the Group’s bank borrowings bear effective interest rates ranging from 0.80%–3.85%, 0.80%–5.75%, 2.11%-5.75% and 2.11%–5.00% per annum, respectively.

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Notes:

- (a) As at December 31, 2023, 2024, 2025 and June 30, 2026, these bank borrowings were guaranteed by the Company and its subsidiaries.
- (b) As at December 31, 2023, 2024, 2025 and June 30, 2026, these bank borrowings were secured by the Group’s property, plant and equipment, land use rights and the guarantees provided by the Company and its subsidiaries. The carrying amount of the pledged property, plant and equipment and land use rights are disclosed in note 40.
- (c) As at December 31, 2023, 2024, 2025 and June 30, 2026, these bank borrowings were secured by the Group’s financial assets at FVTOCI. The carrying amount of the pledged financial assets at FVTOCI are disclosed in note 40.

The Company

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current				
Non-current portion of long-term bank borrowings — unsecured and unguaranteed	—	—	—	180,600
Non-current portion of long-term bank borrowings — unsecured but guaranteed	190,000	180,000	—	328,500
	<u>190,000</u>	<u>180,000</u>	<u>—</u>	<u>509,100</u>
Current				
Short-term bank borrowings — unsecured and unguaranteed	—	—	—	100,059
Short-term bank borrowings — unsecured but guaranteed	176,912	185,827	346,235	455,256
Current portion of long-term bank borrowings — unsecured and unguaranteed	—	—	—	4,451
Current portion of long-term bank borrowings — unsecured but guaranteed	10,156	10,161	180,127	211,841
	<u>187,068</u>	<u>195,988</u>	<u>526,362</u>	<u>771,607</u>

During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group’s and the Company’s bank borrowings were repayable as follows:

The Group

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed as:				
— Within 1 year	252,129	1,188,058	1,578,422	1,660,854
— Over 1 year but within 2 years	10,000	210,462	123,418	906,246
— Over 2 years but within 3 years	180,502	42,404	104,967	438,235
— Over 3 years	5,524	217,734	211,671	223,482
	<u>448,155</u>	<u>1,658,658</u>	<u>2,018,478</u>	<u>3,228,817</u>

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The Company

	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Analysed as:				
— Within 1 year	187,068	195,988	526,362	771,607
— Over 1 year but within 2 years	10,000	180,000	—	509,100
— Over 2 years but within 3 years	180,000	—	—	—
	<u>377,068</u>	<u>375,988</u>	<u>526,362</u>	<u>1,280,707</u>

The Group’s and the Company’s bank borrowings that are denominated in currencies of the relevant group entities are set out below:

The Group

Denominated in:

	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
RMB	412,531	1,635,858	1,897,063	3,111,180
USD	29,599	17,252	121,415	117,637
JPY	6,025	5,548	—	—
	<u>448,155</u>	<u>1,658,658</u>	<u>2,018,478</u>	<u>3,228,817</u>

The Company

Denominated in:

	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
RMB	<u>377,068</u>	<u>375,988</u>	<u>526,362</u>	<u>1,280,707</u>

36. LIABILITIES UNDER SUPPLIER FINANCE ARRANGEMENT

The Group

	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Liabilities under supplier financing arrangement	<u>72,887</u>	<u>599,640</u>	<u>510,141</u>	<u>505,651</u>

The Company

	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Liabilities under supplier financing arrangement	<u>—</u>	<u>—</u>	<u>64,154</u>	<u>25,000</u>

The Group introduced a third-party supply chain information service platform to provide services to its suppliers with the Group’s electronic debt certificates. The Group’s payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. The Group shall not claim set-off or raise any defense against the payment obligations. According to the agreement, the Group shall settle the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable and financially viable.

Under supplier financing arrangements, the banks paid suppliers the amounts owed by the Group in advance of the original due dates. The Group’s obligations to the suppliers are legally extinguished upon payment by the relevant banks. The Group then settled with the banks within 180 days after the bank’s settlement. These arrangements may extend the original payment terms.

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Carrying amount of financial liabilities that are part of supplier financing arrangements are as follows:

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Payments have been received by the suppliers from the banks: Liabilities under supplier financing arrangements	72,887	599,640	510,141	505,651
Of which: Amounts received by the suppliers	46,424	431,512	395,081	376,363

Range of payment due dates for liabilities presented as part of “Liabilities under supplier financing arrangements” are as follows:

	2023	As at December 31, 2024	2025	As at June 30, 2026
Liabilities that are part of liabilities under supplier financing arrangements	Within 60–180 days	Within 60–180 days	Within 60–180 days	Within 60–180 days
Comparable trade payables that are not part of supplier financing arrangements	Within 120 days	Within 120 days	Within 120 days	Within 120 days

The carrying amounts of liabilities under the supplier financing arrangements approximated their fair values, due to their short-term nature.

37. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Share capital	391,320	392,205	423,206	422,583
Treasury shares reserve	(33,772)	(109,060)	(72,394)	(56,233)
	357,548	283,145	350,812	366,350

The changes in share capital are as follows:

	Number of shares '000	Share capital RMB'000
Ordinary shares of RMB1 each		
As at January 1, 2023	299,320	299,320
Issue of shares under restricted shares incentive schemes (Note (a))	3,000	3,000
Repurchase and cancellation of shares under restricted share incentive schemes (Note (b))	(1,070)	(1,070)
Issue of shares upon placing (Note (c))	89,672	89,672
Exercise of share options (Note (d))	398	398
As at December 31, 2023 and January 1, 2024	391,320	391,320
Exercise of share options (Note (d))	966	966
Repurchase and cancellation of shares under restricted share incentive schemes (Note (b))	(81)	(81)
As at December 31, 2024 and January 1, 2025	392,205	392,205
Exercise of share options (Note (d))	1,799	1,799
Repurchase and cancellation of shares under restricted share incentive schemes (Note (b))	(362)	(362)
Issue shares upon placing (Note (c))	29,564	29,564
As at December 31, 2025 and January 1, 2026	423,206	423,206
Exercise of share options (Note (d))	521	521
Repurchase and cancellation of shares under restricted share incentive schemes (Note (b))	(1,144)	(1,144)
As at June 30, 2026	422,583	422,583

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The detail of the treasury shares reserve and number of treasury shares outstanding at the end of each year/period for the Track Record Period 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	RMB'000
				(unaudited)	
Paid-in capital/Nominal value of ordinary shares:					
At the beginning of the year/period	22,380	33,772	109,060	109,060	72,394
Repurchase of shares under restricted share incentive schemes (<i>Notes (e)</i>)	—	92,691	—	—	—
Vesting of restricted shares (<i>Notes (f)</i>)	(5,361)	—	(33,729)	(31,517)	(6,849)
Repurchase and cancellation of shares under restricted share incentive schemes (<i>Notes (b)</i>)	(8,384)	—	(2,937)	(1,746)	(9,312)
Repurchase obligation of ordinary shares under share incentive scheme (<i>Notes (g)</i>)	25,137	32,275	—	—	—
Issue of shares under restricted share incentive schemes (<i>Notes (h)</i>)	—	(49,678)	—	—	—
At the end of the year/period	<u>33,772</u>	<u>109,060</u>	<u>72,394</u>	<u>75,797</u>	<u>56,233</u>
Number of treasury shares (in thousands)	<u>4,211</u>	<u>9,733</u>	<u>6,662</u>	<u>7,079</u>	<u>4,704</u>

Notes:

(a) Pursuant to the approved restricted shares incentive plan during the year ended December 31, 2023 (the “**2023 Restricted Share Incentive Plan**”), the Company granted an initial 2,626,000 and 374,000 restricted shares to incentive recipients during the year ended December 31, 2023.

(b) In March and August 2023, the Company repurchased and canceled restricted shares that did not meet the vesting conditions. The Company paid a total of approximately RMB8,384,000 to the incentive recipients for the share repurchase, of which RMB1,070,000 was deducted from share capital and RMB7,314,000 was deducted from share premium.

In May 2024, the Company repurchased and canceled restricted shares that did not meet the vesting conditions. The Company paid a total of approximately RMB628,000 to the incentive recipients for the share repurchase, of which RMB81,000 was deducted from share capital and RMB547,000 was deducted from share premium.

In April 2025, the Company repurchased and canceled restricted shares that did not meet the vesting conditions. The Company paid a total of approximately RMB1,746,000 to the incentive recipients for the share repurchase, of which RMB216,000 was deducted from share capital and RMB1,530,000 was deducted from share premium.

In October 2025, the Company repurchased and canceled restricted shares that did not meet the vesting conditions. The Company paid a total of approximately RMB1,191,000 to the incentive recipients for the share repurchase, of which RMB146,000 was deducted from share capital and RMB1,045,000 was deducted from share premium.

In May 2026, the Company repurchased and canceled restricted shares that did not meet the vesting conditions. The Company paid a total of approximately RMB9,312,000 to the incentive recipients for the share repurchase, of which RMB1,144,000 was deducted from share capital and RMB8,168,000 was deducted from share premium.

(c) In August 2023, the Company issued 89,671,636 shares to specific investors. The issue price was RMB13.19 per share, with a total subscription amount of approximately RMB1,182,769,000. Netting off the transaction cost, the Company received a total of approximately RMB1,162,777,000. Per specific placing, the Company recognised share capital of RMB89,672,000 and share premium of RMB1,073,105,000.

In August 2025, the Company issued 29,563,933 shares to Foshan Magus Investment Co., Ltd. in a private placement. The issue price was RMB13.53 per share, with a total subscription amount of approximately RMB400,000,000. Netting off the transaction cost, the Company received a total of approximately RMB391,968,000. Per specific placing, the Company recognised share capital of RMB29,564,000 and share premium of RMB362,404,000.

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- (d) In 2023, with the approval from the board of directors, the Company conducted a centralized exercise of stock options. The Company has received exercise proceeds totaling approximately RMB4,088,000, of which RMB398,000 was recorded as share capital and RMB3,690,000 was recorded as share premium.

In 2024, with the approval from the board of directors, the Company conducted a centralized exercise of stock options. The Company has received exercise proceeds totaling approximately RMB10,390,000, of which RMB966,000 was recorded as share capital and RMB9,424,000 was recorded as share premium.

In 2025, with the approval from the board of directors, the Company conducted a centralized exercise of stock options. The Company has received exercise proceeds totaling approximately RMB20,418,000, of which RMB1,799,000 was recorded as share capital and RMB18,619,000 was recorded as share premium.

During the six months ended June 30, 2026, with the approval from the board of directors, the Company conducted a centralized exercise of stock options. The Company has received exercise proceeds totaling approximately RMB5,635,000, of which RMB521,000 was recorded as share capital and RMB5,114,000 was recorded as share premium.

- (e) In January 2024, the company repurchased 3,888,900 shares from the open market at a total cost of approximately RMB50,941,000.

In February 2024, the company repurchased 2,232,200 shares from the open market at a total cost of approximately RMB25,749,000.

In November 2024, the company repurchased 923,800 shares from the open market at a total cost of approximately RMB16,000,000.

- (f) In June and November 2023, 718,500 of restricted shares were vested during the restriction release periods. Concurrently, the corresponding repurchase obligations for these shares were reduced, decreasing treasury shares by approximately RMB5,361,000.

The Company vested restricted shares in April, June and October 2025, with a total of 2,709,500 shares released during the restriction release periods. Concurrently, the corresponding repurchase obligations for these shares were reduced, decreasing treasury shares by approximately RMB33,729,000.

The Company vested restricted shares in March, 2026, with a total of 814,400 shares released during the restriction release periods. Concurrently, the corresponding repurchase obligations for these shares were reduced, decreasing treasury shares by approximately RMB6,849,000.

- (g) In February and October 2023, the Company issued 3,000,000 restricted shares in total to incentive recipients. The Company has received approximately RMB25,137,000 in total from the incentive recipients. Concurrently, the Company recognised treasury shares of approximately RMB25,137,000.

In July and October 2024, the Company issued 3,965,000 restricted shares in total to incentive recipients. The Company has received approximately RMB32,275,000 in total from the incentive recipients. Concurrently, the Company recognised treasury shares of approximately RMB32,275,000.

- (h) In July 2024, the Company issued 3,615,000 restricted shares to participants under approved incentive plan in 2024 (the “2024 Equity Incentive Plan”). The Company received subscription payments totaling approximately RMB29,426,000, resulting in a reduction of treasury shares by approximately RMB45,292,000. A treasury shares liability of approximately RMB29,426,000 related to the repurchase obligation for restricted shares has been recognised.

In October 2024, the Company issued 350,000 restricted shares to participants under the 2024 Equity Incentive Plan. The Company received subscription payments totaling approximately RMB2,849,000, reduced treasury shares by approximately RMB4,386,000, and recognised a restricted share repurchase obligation of approximately RMB2,849,000.

38. SHARE-BASED EMPLOYEE COMPENSATIONS

- (a) Share-based compensation expenses during the Track Record Period were as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Equity settled share-based compensation	28,433	37,867	18,643	18,326	979

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(b) Share Incentive Scheme

The Company granted both Class I restricted shares and Class II share options.

During the year ended December 31, 2023, the Company granted 3,000,000 Class I restricted shares and 1,992,000 Class II share options to 243 incentive recipients (including directors, senior and middle management, and other key employees). The grant date was February 10, 2023, with an exercise price of RMB8.41 per share for Class I restricted shares and a subscription price of RMB11.77 per share for Class II share options. The restricted shares and share options shall be vested in three tranches. Upon fulfilment of the Company’s performance targets (revenue and net profit) and individual performance assessments, 30%, 30% and 40% shall vest at the end of the 12th, 24th and 36th months following the grant date, respectively. The grantees must remain continuously employed throughout the vesting period. The plan shall remain in force for a period of 60 months from the grant date until all restricted shares and share options have vested or lapsed.

During the year ended December 31, 2024, the Company granted 3,965,000 Class I restricted shares and 2,700,000 Class II shares options to 311 incentive recipients (including directors, senior and middle management, and other key employees). The grant date was June 5, 2024, with an exercise price of RMB8.14 per share for Class I restricted shares and a subscription price of RMB13.20 per share for Class II shares options. The restricted shares shall be vested in three tranches. Upon fulfilment of the Company’s performance targets (revenue and net profit) and individual performance assessments, 30%, 30% and 40% shall vest at the end of the 12th, 24th and 36th months following the grant date, respectively. The grantees must remain continuously employed throughout the vesting period. The plan shall remain in force for a period of 48 months from the grant date until all restricted shares and share options have vested or lapsed.

(1) Class I restricted shares

Set out below are details of the movements of the outstanding Class I restricted shares granted throughout the Track Record Period:

	2023		Year ended December 31, 2024		2025		Six months ended June 30, 2025		2026	
	Number of shares '000	Weighted average grant date fair value RMB	Number of shares '000	Weighted average grant date fair value RMB	Number of shares '000	Weighted average grant date fair value RMB	Number of shares '000 (unaudited)	Weighted average grant date fair value RMB (unaudited)	Number of shares '000	Weighted average grant date fair value RMB
As at beginning of the year/period	3,000	7.17	4,211	7.94	6,653	11.07	6,653	11.07	3,582	11.88
Granted	3,000	8.42	3,965	13.15	—	—	—	—	—	—
Vested	(719)	7.17	(1,442)	7.83	(2,709)	10.00	(2,439)	10.09	(814)	8.42
Forfeited	(1,070)	7.66	(81)	7.56	(362)	11.06	(216)	9.87	(1,144)	13.10
As at end of the year/period	<u>4,211</u>	<u>7.94</u>	<u>6,653</u>	<u>11.07</u>	<u>3,582</u>	<u>11.88</u>	<u>3,998</u>	<u>11.73</u>	<u>1,624</u>	<u>12.75</u>

Note:

The fair value of the Class I restricted shares granted was determined based on the quoted market price of the Company’s ordinary shares on the respective grant dates, which represent observable market prices in an active market.

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(2) Class II shares option

Set out below are details of the movements of the outstanding Class II shares options granted throughout the Track Record Period:

	Year ended December 31,				Six months ended June 30,				
	2023		2024		2025		2025		2026
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
	'000	RMB	'000	RMB	'000	RMB	'000	RMB	'000
							(unaudited)	(unaudited)	
As at beginning of the year/period	2,000	10.72	3,292	11.18	4,493	11.18	4,493	11.18	2,456
Granted	1,992	11.77	2,700	13.20	—	—	—	—	—
Vested and exercised	(398)	10.27	(966)	10.76	(1,799)	11.35	(1,550)	11.37	(521)
Forfeited	(302)	10.27	(533)	11.26	(238)	12.55	(238)	12.55	(1,046)
As at end of the year/period	3,292	11.18	4,493	11.18	2,456	12.38	2,705	12.35	889
Exercisable at the end of the year/period	—	—	—	—	—	—	—	—	—

The fair value of the share options was estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Grant Date	Fair value of total share options and assumptions		
	May and October 2022	February and October 2023	June and October 2024
Fair value of total share options at measurement date (RMB)	10.27 million	13.79 million	23.27 million
Share price (RMB)	13.87	16.73	16.86
Exercise price (RMB) (Note)	10.72	11.77	13.20
Risk-free Rate	1.50%–2.75%	1.50%–2.75%	1.50%–2.75%
Validity Period (Years)	3	3	3
Volatility	18.57%–22.09%	20.10%–22.20%	18.57%–19.87%

Note:

- (a) The exercise price of Class II share options may be adjusted in case of any allotments of shares, payments of share dividends or other similar changes in the Company’s share capital.

During the year ended December 31, 2023, the exercise price was adjusted to RMB10.27 per share option for the 2022 Share Option Scheme according to the terms of the share option scheme and dividend distribution scheme. The outstanding share options had an exercise price of RMB10.27 and RMB11.77 for the 2022 Share Option Scheme and the 2023 Share Option Scheme as at December 31, 2023.

During the year ended December 31, 2024, the exercise price was adjusted to RMB9.97 and RMB11.52 per share option for the 2022 and 2023 Share Option Scheme, respectively, according to the terms of the share option scheme and dividend distribution scheme. The outstanding share options had an exercise price of RMB9.97 and RMB11.52 for the 2022 and 2023 Share Option Scheme, respectively, as at December 31, 2024.

During the year ended December 31, 2025, the exercise price was adjusted to RMB9.67, RMB10.92 and RMB12.90 per share option for the 2022, 2023 and 2024 Share Option Scheme, respectively, according to the terms of the share option scheme and dividend distribution scheme. The outstanding share options had an exercise price of RMB9.67, RMB10.92 and RMB12.90 for the 2022, 2023 and 2024 Share Option Scheme, respectively, as at December 31, 2025.

During the six months ended June 30, 2026, the exercise price was adjusted to RMB10.82 and RMB12.80 per share option for 2023 and 2024 Share Option Scheme, respectively, according to the terms of the share option scheme and dividend distribution scheme. The outstanding share options had an exercise price of RMB10.82 and RMB12.80 for the 2023 and 2024 Share Option Scheme, respectively, as at June 30, 2026.

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- (b) The outstanding share options as at December 31, 2023, 2024, 2025 and June 30, 2026 had a weighted average remaining contractual life of 1.11, 1.17, 0.82 and 0.73 years, respectively.

39. RESERVE

The Group

During the Track Record Period, the amounts of the Group’s reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Other capital reserve RMB'000	Other comprehensive income reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at January 1, 2023	299,320	(22,380)	839,216	24,335	—	129,179	231,189	1,500,859
Profit for the year	—	—	—	—	—	—	36,186	36,186
Total comprehensive income for the year	—	—	—	—	—	—	36,186	36,186
Appropriation of statutory reserve	—	—	—	—	—	5,428	(5,428)	—
Dividends declared (Note 12)	—	—	—	—	—	—	(75,219)	(75,219)
Share-based compensation expenses	—	—	—	28,433	—	—	—	28,433
Exercise of share options	398	—	3,690	—	—	—	—	4,088
Issue of shares upon placing	89,672	—	1,073,105	—	—	—	—	1,162,777
Vesting of restricted shares	—	5,361	—	—	—	—	—	5,361
Repurchase obligation of ordinary shares under share incentive scheme	—	(25,137)	—	—	—	—	—	(25,137)
Issue and repurchase of Shares under restricted share incentive schemes	3,000	—	22,137	—	—	—	—	25,137
Repurchase and cancellation of shares under restricted share incentive schemes	(1,070)	8,384	(7,314)	—	—	—	—	—
As at December 31, 2023 and January 1, 2024	391,320	(33,772)	1,930,834	52,768	—	134,607	186,728	2,662,485
Profit for the year	—	—	—	—	—	—	108,099	108,099
Total comprehensive income for the year	—	—	—	—	—	—	108,099	108,099
Repurchase of shares under restricted share incentive schemes	—	(92,691)	—	—	—	—	—	(92,691)
Appropriation of statutory reserve	—	—	—	—	—	16,215	(16,215)	—
Dividends declared (Note 12)	—	—	—	—	—	—	(115,674)	(115,674)
Share-based compensation expenses	—	—	—	37,867	—	—	—	37,867
Exercise of share options	966	—	9,424	—	—	—	—	10,390
Issue of shares under restricted share incentive schemes	—	49,678	(17,403)	—	—	—	—	32,275
Repurchase obligation of ordinary shares under share incentive scheme	—	(32,275)	—	—	—	—	—	(32,275)
Repurchase and cancellation of shares under restricted share incentive schemes	(81)	—	(547)	—	—	—	—	(628)
Others	—	—	45	—	—	—	—	45
As at December 31, 2024 and January 1, 2025	392,205	(109,060)	1,922,353	90,635	—	150,822	162,938	2,609,893

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	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Other capital reserve RMB'000	Other comprehensive income reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at December 31, 2024 and January 1, 2025	392,205	(109,060)	1,922,353	90,635	—	150,822	162,938	2,609,893
Profit for the year	—	—	—	—	—	—	310,606	310,606
Total comprehensive income for the year	—	—	—	—	—	—	310,606	310,606
Appropriation of statutory reserve	—	—	—	—	—	46,591	(46,591)	—
Dividends declared (<i>Note 12</i>)	—	—	—	—	—	—	(116,534)	(116,534)
Share-based compensation expenses	—	—	—	18,643	—	—	—	18,643
Issue of shares upon placing	29,564	—	362,404	—	—	—	—	391,968
Exercise of share options	1,799	—	18,619	—	—	—	—	20,418
Vesting of restricted shares	—	33,729	—	—	—	—	—	33,729
Repurchase and cancellation of shares under restricted share incentive schemes	(362)	2,937	(2,575)	—	—	—	—	—
Others	—	—	(302)	—	—	—	—	(302)
As at December 31, 2025 and January 1, 2026	423,206	(72,394)	2,300,499	109,278	—	197,413	310,419	3,268,421
Profit for the period	—	—	—	—	—	—	76,181	76,181
Other comprehensive income for the period	—	—	—	—	3,638	—	—	3,638
Total comprehensive income for the period	—	—	—	—	3,638	—	76,181	79,819
Dividends declared (<i>Note 12</i>)	—	—	—	—	—	—	(125,809)	(125,809)
Share-based compensation expenses	—	—	—	979	—	—	—	979
Exercise of share options	521	—	5,114	—	—	—	—	5,635
Vesting of restricted shares	—	6,849	—	—	—	—	—	6,849
Repurchase and cancellation of shares under restricted share incentive schemes	(1,144)	9,312	(8,168)	—	—	—	—	—
As at June 30, 2026	422,583	(56,233)	2,297,445	110,257	3,638	197,413	260,791	3,235,894
As at January 1, 2025	392,205	(109,060)	1,922,353	90,635	—	150,822	162,938	2,609,893
Profit for the period (unaudited)	—	—	—	—	—	—	109,789	109,789
Total comprehensive income for the period (unaudited)	—	—	—	—	—	—	109,789	109,789
Appropriation of statutory reserve (unaudited)	—	—	—	—	—	16,468	(16,468)	—
Dividends declared (<i>Note 12</i>) (unaudited)	—	—	—	—	—	—	(116,534)	(116,534)
Share-based compensation expenses (unaudited)	—	—	—	18,326	—	—	—	18,326
Exercise of share options (unaudited)	1,550	—	16,067	—	—	—	—	17,617
Vesting of restricted shares (unaudited)	—	31,517	—	—	—	—	—	31,517
Repurchase and cancellation of shares under restricted share incentive schemes (unaudited)	(216)	1,746	(1,530)	—	—	—	—	—
As at June 30, 2025 (unaudited)	393,539	(75,797)	1,936,890	108,961	—	167,290	139,725	2,670,608

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40. PLEDGED ASSETS

The Group

At the end of each reporting period, the Group’s certain assets have been pledged to secure notes payables, borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each reporting period are as follows:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	215,031	178,591	299,114	719,282
Restricted bank deposits	34,272	194,090	221,075	275,547
Time deposits	124,226	97,589	21,634	17,746
Notes receivables	102,882	262,120	—	16,253
Financial assets at FVTOCI	88,991	12,668	86,755	70,502
Land use rights	21,075	6,591	6,454	—
	<u>586,477</u>	<u>751,649</u>	<u>635,032</u>	<u>1,099,330</u>

41. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at December 31, 2023, 2024, 2025 and June 30, 2026, the total non-controlling interests are approximately RMB13,864,000, RMB26,842,000, RMB39,875,000 and RMB44,297,000, of which approximately RMB14,422,000, RMB20,710,000, RMB31,341,000 and RMB31,667,000 are attributable to SZ DINGSHUO.

SZ DINGSHUO

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Percentage of equity interest held by non-controlling interests:	<u>43%</u>	<u>43%</u>	<u>43%</u>	<u>43%</u>
Profit for the year/period allocated to non-controlling interests:	<u>6,219</u>	<u>3,127</u>	<u>10,631</u>	<u>326</u>
Accumulated balances of non-controlling interests:	<u>14,422</u>	<u>20,710</u>	<u>31,341</u>	<u>31,667</u>

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any intra-group eliminations:

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	131,792	107,981	182,889	212,126
Non-current assets	3,133	27,083	31,659	35,103
Current liabilities	(101,386)	(72,558)	(133,005)	(164,836)
Non-current liabilities	<u>—</u>	<u>(14,342)</u>	<u>(8,656)</u>	<u>(7,767)</u>
Net assets	<u>33,539</u>	<u>48,164</u>	<u>72,887</u>	<u>74,626</u>

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	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	132,899	100,991	213,053	126,762
Total costs and expenses	(118,436)	(93,717)	(188,330)	(126,003)
Profit for the year/period	14,463	7,274	24,723	759
Total comprehensive income for the year/period	14,463	7,274	24,723	759
Net cash flows generated from/(used in) operating activities	705	(2,019)	9,518	(1,311)
Net cash flows (used in)/generated from investing activities	—	(4,000)	3,997	(797)
Net cash flows generated from/(used in) financing activities	104	(2,067)	(3,025)	—
Effect of foreign exchange rate changes, net	—	—	—	(230)
Net increase/(decrease) in cash and cash equivalents	809	(8,086)	10,490	(2,338)

42. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	Bank Borrowings	Lease liabilities	Redemption liabilities	Dividends payable
	RMB'000	RMB'000	RMB'000	RMB'000
	Note 35	Note 15(b)	Note 34	Note 12
As at January 1, 2023	369,929	15,562	—	—
Cash flows	55,038	(12,290)	—	(74,260)
Interest expense	23,025	763	—	—
New leases or termination	—	11,055	—	—
Dividends declared to the shareholders of the Company	—	—	—	75,219
Impact of exchange rate fluctuations	163	—	—	—
As at December 31, 2023 and January 1, 2024	448,155	15,090	—	959
Cash flows	1,169,127	(26,245)	30,000	(115,200)
Interest expense	40,695	2,544	—	—
Interest capitalization	925	—	—	—
New leases or termination	—	85,202	—	—
Dividends declared to the shareholders of the Company	—	—	—	115,674
Impact of exchange rate fluctuations	(244)	52	—	—
As at December 31, 2024 and January 1, 2025	1,658,658	76,643	30,000	1,433
Cash flows	610,894	(35,441)	—	(116,534)
Interest expense	46,994	2,558	2,256	—
Interest capitalization	4,918	—	—	—
New leases or termination	—	26,082	—	—
Impact of exchange rate fluctuations	1,019	991	—	—
Dividends declared to the shareholders of the Company	—	—	—	116,534
Other non-cash movements (Note (b))	(304,005)	—	—	—
As at December 31, 2025 and January 1, 2026	2,018,478	70,833	32,256	1,433
Cash flows	1,115,480	(18,351)	—	(125,997)
Interest expense	31,339	1,190	750	—
Interest capitalization	3,433	—	—	—
New leases or termination	—	26,814	—	—
Impact of exchange rate fluctuations	(552)	(16)	—	—
Dividends declared to the shareholders of the Company	—	—	—	125,809
Other non-cash movements (Note (b))	56,880	—	—	—
As at June 30, 2026	3,225,058	80,470	33,006	1,245

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	Bank Borrowings <i>RMB'000</i> <i>Note 35</i>	Lease liabilities <i>RMB'000</i> <i>Note 15(b)</i>	Redemption liabilities <i>RMB'000</i> <i>Note 34</i>	Dividends payable <i>RMB'000</i> <i>Note 12</i>
As at January 1, 2025	1,658,658	76,643	30,000	1,433
Cash flows (unaudited)	707,880	(16,208)	—	(115,746)
Interest expense (unaudited)	22,400	1,343	750	—
Interest capitalization (unaudited)	4,918	—	—	—
New leases or termination (unaudited)	—	25,608	—	—
Impact of exchange rate fluctuations (unaudited)	(585)	(432)	—	—
Dividends declared to the shareholders of the Company (unaudited)	—	—	—	116,534
Other non-cash movements (<i>Note (b)</i>) (unaudited)	(268,630)	—	—	—
As at June 30, 2025 (unaudited)	<u>2,124,641</u>	<u>86,954</u>	<u>30,750</u>	<u>2,221</u>

(b) Major non-cash investing and financing activities

The other non-cash movements included in bank borrowings arose from the maturity of discounted notes receivable for the year ended December 31, 2025 and the six months ended June 30, 2026.

43. COMMITMENTS

At the end of each year/period for the Track record Period, the Group’s capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at December 31, 2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	As at June 30, 2026 <i>RMB'000</i>
Contracted but not provided for, net of deposits paid and prepayments				
— Property, plant and equipment	<u>725,167</u>	<u>1,094,336</u>	<u>158,904</u>	<u>591,609</u>

44. RELATED PARTY TRANSACTIONS

Saved as disclosed in elsewhere to the Historical Financial Information, the Group entered into the following related party transactions during the Track Record Period.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Shenzhen Anhewei Electric Power Technology Co., Ltd. (深圳市安和威電力科技股份有限公司)	Associate of the Group

(b) Transactions with related parties

	Year ended December 31, 2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	Six months ended June 30, 2026 <i>RMB'000</i>
Sales transactions:				
— Shenzhen Anhewei Electric Power Technology Co., Ltd. (深圳市安和威電力科技股份有限公司)	<u>4,766</u>	<u>11,710</u>	<u>716</u>	<u>—</u>
Procurement transactions:				
— Shenzhen Anhewei Electric Power Technology Co., Ltd. (深圳市安和威電力科技股份有限公司)	<u>6,359</u>	<u>1,781</u>	<u>1,314</u>	<u>—</u>

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(c) Balances with related parties

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Amounts due from related parties:				
— Shenzhen Anhewei Electric Power Technology Co., Ltd. (深圳市安和威電力科技股份有限公司)	3,319	16,378	10,850	10,395
	<u>3,319</u>	<u>16,378</u>	<u>10,850</u>	<u>10,473</u>
Amounts due to related parties:				
— Shenzhen Anhewei Electric Power Technology Co., Ltd. (深圳市安和威電力科技股份有限公司)	3,766	5,502	—	—
	<u>3,766</u>	<u>5,502</u>	<u>—</u>	<u>—</u>

Note: The amounts are unsecured, interest-free and recoverable or repayable on demand. All the balances with related parties are trade in nature.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each year/period for the Track Record Period are as follows:

	2023 RMB'000	As at December 31, 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Financial assets				
Financial assets at amortised cost				
— Trade and notes receivables	1,338,054	2,093,279	1,780,889	1,661,123
— Other receivables	45,127	44,577	33,246	49,026
— Bank balances, deposits and cash	792,938	843,527	1,010,964	1,777,362
Financial assets at FVTPL				
— Bank WMPs and structured deposits	531,285	—	—	—
— Forward foreign exchange contract	—	—	1,147	2,570
— Other financial assets	30,000	23,139	18,880	18,880
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	309,416	55,109	150,359	322,952
— Equity investment at fair value	1,000	1,264	20,356	25,353
	<u>3,047,820</u>	<u>3,060,895</u>	<u>3,015,841</u>	<u>3,857,266</u>
Financial liabilities				
Financial liabilities at amortised cost				
— Trade and notes payables	1,232,091	1,112,180	1,709,955	1,542,909
— Other payables and accruals	188,553	485,366	620,549	628,688
— Borrowings	448,155	1,658,658	2,018,478	3,228,817
— Liabilities under supplier financing arrangement	72,887	599,640	510,141	505,651
— Lease liabilities	15,090	76,643	70,833	80,470
Financial liability at FVTPL				
— Performance compensation	16,760	—	—	—
— Forward foreign exchange contract	—	—	1,135	2,025
	<u>1,973,536</u>	<u>3,932,487</u>	<u>4,931,091</u>	<u>5,988,560</u>

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46. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Group’s financial instruments carried at fair value as at December 31, 2023, 2024, 2025 and June 30, 2026 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

(a) Fair value hierarchy

As at December 31, 2023, 2024, 2025 and June 30, 2026, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2023				
Financial assets at FVTPL				
— Bank WMPs and structured deposits	—	531,285	—	531,285
— Other financial assets	—	—	30,000	30,000
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	309,416	309,416
— Unlisted equity instruments	—	—	1,000	1,000
Financial liabilities at FVTPL				
— Performance compensation	—	—	(16,760)	(16,760)
	<u>—</u>	<u>531,285</u>	<u>323,656</u>	<u>854,941</u>
As at December 31, 2024				
Financial assets at FVTPL				
— Other financial assets	—	—	23,139	23,139
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	55,109	55,109
— Unlisted equity instruments	—	—	1,264	1,264
	<u>—</u>	<u>—</u>	<u>79,512</u>	<u>79,512</u>
As at December 31, 2025				
Financial assets at FVTPL				
— Forward foreign exchange contract	—	1,147	—	1,147
— Other financial assets	—	—	18,880	18,880
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	150,359	150,359
— Unlisted equity instruments	—	—	20,356	20,356
Financial liabilities at FVTPL				
— Forward foreign exchange contract	—	(1,135)	—	(1,135)
	<u>—</u>	<u>12</u>	<u>189,595</u>	<u>189,607</u>

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	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at June 30, 2026				
Financial assets at FVTPL				
— Forward foreign exchange contract	—	2,570	—	2,570
— Other financial assets	—	—	18,880	18,880
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	322,952	322,952
— Unlisted equity instruments	—	—	25,353	25,353
Financial liabilities at FVTPL				
— Forward foreign exchange contract	—	(2,025)	—	(2,025)
	—	545	367,185	367,730

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 3 fair value measurement were mainly included notes receivables measured at FVTOCI, other financial assets measured at FVTPL equity investments in unlisted entities at FVTOCI and performance compensation at FVTPL. These assets and liabilities were measured mainly using discounted cash flow approach, and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

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

The quantitative information of fair value measurements as at December 31, 2023, 2024, 2025 and June 30, 2026 for Level 3 is as follows:

Fair value hierarchy		As at December 31,			As at June 30, and key input(s)	Valuation technique	Unobservable input	Range	Sensitivity of fair value to the input
		2023	2024	2025					
		RMB'000	RMB'000	RMB'000	RMB'000				
Financial assets at FVTPL									
— Other financial assets	Level 3	30,000	23,139	18,880	18,880	Market Approach, Price-to-Earnings Ratio (“PE”)/ Price-to-Sales Ratio (“PS”)	PE/PS	PS: 4.00, 2.87, 3.85 and 3.20; PE: N/A, 34.77, 35.73 and 43.42	A 10% increase/decrease in the PE/PS as at December 31, 2023, 2024 and 2025 and June 30, 2026 would result in a corresponding increase or decrease in fair value of relevant assets by approximately RMB220,000, RMB870,000 and RMB1,248,000 and RMB1,600,000.
Financial assets at FVTOCI									
— Unlisted equity investment	Level 3	1,000	1,264	20,356	25,353	Market Approach, Price-to-Sales Ratio (“PS”)	PS	PS: 4.52	A 10% increase/decrease in the PS as at June 30, 2026 would result in a corresponding increase or decrease in fair value of relevant assets by approximately RMB2,209,000.
— Notes receivables measured at FVTOCI	Level 3	309,416	55,109	150,359	322,952	Discount cash flow, Discount rate	Discount rate	0.69%–2.95%, 0.54%–2.58% and 0.18%–3.88% and 0.55%–1.35%	A 10% increase/decrease in the discount rate as at December 31, 2023, 2024, 2025 and June 30, 2026 would result in a corresponding decrease or increase in fair value of relevant assets by approximately RMB4,248,000, RMB757,000, RMB2,065,000 and RMB4,434,000.

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	Fair value hierarchy	As at December 31,			As at June 30, and key input(s)	Valuation technique	Unobservable input	Range	Sensitivity of fair value to the input
		2023	2024	2025					
		RMB'000	RMB'000	RMB'000					
Financial liabilities at FVTPL									
— Performance Compensation	Level 3	(16,760)	—	—	—	Probabilistic approach under the income approach, forecasted net profit during the performance commitment period and discount rate	Forecasted net profit during the performance commitment period	Approximately RMB25,057,000	A 10% increase/decrease in the forecasted net profit during the performance commitment period as at December 31, 2023 would result in a corresponding increase/decrease in fair value of relevant liabilities by approximately RMB5,951,000.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026:

	Unlisted equity investment RMB'000	Other financial assets RMB'000	Notes receivables measured at FVTOCI RMB'000	Performance Compensation RMB'000
As at January 1, 2023	1,000	30,000	3,162	—
Additions	—	—	306,254	—
Fair value losses	—	—	—	(16,760)
As at December 31, 2023	1,000	30,000	309,416	(16,760)
Additions	264	—	—	—
Disposals	—	(6,861)	(254,307)	—
Settlement	—	—	—	16,885
Fair value losses	—	—	—	(125)
As at December 31, 2024	1,264	23,139	55,109	—
Additions	20,092	—	221,877	—
Disposals	(370)	(3,918)	—	—
Fair value gains	—	(341)	—	—
As at December 31, 2025	20,356	18,880	150,359	—
Additions	145	—	172,593	—
Fair value gains	4,852	—	—	—
As at June 30, 2026	25,353	18,880	322,952	—

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly comprise cash and cash equivalents, time deposits, restricted bank deposits, the main purpose of which is to support the operations of the Group. The Group has various other financial assets and liabilities such as trade and notes receivables and other receivables and trade and notes payable and other payables, which arise directly from its operations.

The risks of the Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarized below.

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Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2023, 2024, 2025 and June 30, 2026, the Group’s major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD RMB’000	EUR RMB’000
As at December 31, 2023		
Assets	459,845	54,174
Liabilities	(31,771)	(303)
Net exposure	<u>428,074</u>	<u>53,871</u>
As at December 31, 2024		
Assets	445,212	139,594
Liabilities	(18,971)	(7)
Net exposure	<u>426,241</u>	<u>139,587</u>
As at December 31, 2025		
Assets	757,295	80,582
Liabilities	(254,389)	(116)
Net exposure	<u>502,906</u>	<u>80,466</u>
As at June 30, 2026		
Assets	1,467,976	105,225
Liabilities	(199,132)	(186)
Net exposure	<u>1,268,844</u>	<u>105,039</u>

Sensitivity analysis

The following table details the Group’s sensitivity to a 5% increase and decrease in RMB against USD and EUR. The 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding USD and EUR denominate monetary items and adjusts their translation at the end of each year/period for the Track Record Period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit before income tax where RMB strengthen 5% against USD and EUR. For a 5% weakening of RMB against USD and EUR, there would be an equal and opposite impact on the profit before income tax and the amounts below would be positive.

	As at December 31,		As at June 30,	
	2023 RMB’000	2024 RMB’000	2025 RMB’000	2026 RMB’000
EUR	(2,694)	(6,979)	(4,023)	(5,252)
USD	<u>(21,404)</u>	<u>(21,312)</u>	<u>(25,145)</u>	<u>(63,442)</u>
	<u>(24,098)</u>	<u>(28,291)</u>	<u>(29,168)</u>	<u>(68,694)</u>

Other change in foreign exchange rates have no significant impact on foreign currency risk.

Price risk

The Group is exposed to price risk in respect of financial assets at FVTPL, which mainly include investments in bank WMPs and structured deposits. The Group is not exposed to commodity price risk.

Interest rate risk

The Group’s interest rate risk primarily arises from long-term interest-bearing borrowings, and lease liabilities. Long-term borrowings issued at floating rates, and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group.

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The following tables list out the interest rate profiles of the Group’s variables interest-bearing financial instruments as at December 31, 2023, 2024, 2025 and June 30, 2026:

	As at December 31,		2025	As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Floating rate instruments				
— Borrowings	26,042	330,489	445,790	1,732,154

If interest rates of floating rate instruments had been 100 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher approximately RMB260,000, RMB3,305,000, RMB4,458,000 and RMB17,322,000 for the years ended at December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Credit risk

Credit risk refers to the risk that the counter-party to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group’s maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortized cost and notes receivables measured at FVTOCI as disclosed in note 45 to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group has concentration of credit risk as 55.00%, 38.66%, 22.79% and 25.65% of the total trade receivables was due from the Group’s largest customer as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The Group has concentration of credit risk as 64.24%, 60.85%, 46.89% and 46.65% of the total trade receivables was due from the Group’s five largest customers as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

As at December 31, 2023, 2024, 2025 and June 30, 2026, The Group have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash and cash equivalents, time deposits and restricted bank deposits

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash and cash equivalents, time deposits and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(b) Trade receivables, notes receivables, notes receivables measured at FVTOCI and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and ageing.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each year/period for the Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“GDP”) Growth Rate and the Money Supply (“M2”) Growth Rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade and notes receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognised impairment losses.

The Group’s trade receivables as described in note 27 mainly represented receivables received from the sales of products to customers.

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Trade and notes receivables

The Group groups its receivables portfolios based on common credit risk characteristics.

As of December 31, 2023, 2024, 2025 and June 30, 2026, the allowance for impairment for the trade and notes receivables were determined as follows.

	Gross carrying amount RMB'000	Allowance for impairment RMB'000	Expected loss rate %
As at December 31, 2023			
Assessed based on common credit risk	<u>1,365,860</u>	<u>27,806</u>	<u>2.04</u>
As at December 31, 2024			
Assessed based on common credit risk	<u>2,135,356</u>	<u>42,076</u>	<u>1.97</u>
As at December 31, 2025			
Assessed based on common credit risk	<u>1,824,752</u>	<u>43,863</u>	<u>2.40</u>
As at June 30, 2026			
Assessed based on common credit risk	<u>1,708,503</u>	<u>47,380</u>	<u>2.77</u>

Notes receivables measured at FVTOCI

All of notes receivables measured at FVTOCI were banker’s acceptances and the management assesses banker’s acceptances as generally exhibiting low credit risk. Consequently, an allowance for expected credit losses is typically not recognised for these instruments.

Contract assets

For contract assets, the Group measures the loss provision based on the life time ECL regardless of whether there exists a significant financing component. The Group groups its contract assets portfolios based on common credit risk characteristics.

	Gross carrying amount RMB'000	Allowance for impairment RMB'000	Expected loss rate %
As at December 31, 2023			
Assessed based on common credit risk	<u>157,890</u>	<u>3,497</u>	<u>2.21</u>
As at December 31, 2024			
Assessed based on common credit risk	<u>219,163</u>	<u>5,057</u>	<u>2.31</u>
As at December 31, 2025			
Assessed based on common credit risk	<u>252,204</u>	<u>5,246</u>	<u>2.08</u>
As at June 30, 2026			
Assessed based on common credit risk	<u>263,464</u>	<u>7,254</u>	<u>2.75</u>

Other receivables

Over the term of other receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available).
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

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Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal. The impairment on other receivables as stated in note 24 to the Historical Financial Information were accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the impairment for other receivables as at December 31, 2023, 2024, 2025 and June 30, 2026, the balances of other receivables are classified as Stage 1 without any significant increase in credit risk since initial recognition:

	Gross carrying amount RMB'000	Allowance for impairment RMB'000	Expected loss rate %
As at December 31, 2023			
Assessed based on common credit risk	41,866	3,261	7.79
As at December 31, 2024			
Assessed based on common credit risk	49,285	4,708	9.55
As at December 31, 2025			
Assessed based on common credit risk	36,821	3,575	9.71
As at June 30, 2026			
Assessed based on common credit risk	54,110	5,084	9.40

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of each year/period for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
As at December 31, 2023				
Trade and notes payables	1,232,091	—	—	1,232,091
Financial liabilities at FVTPL	16,760	—	—	16,760
Other payables and accruals	189,512	—	—	189,512
Bank borrowings	254,179	198,648	6,266	459,093
Liabilities under supplier financing arrangement	72,887	—	—	72,887
Lease liabilities	8,394	6,394	802	15,590
	<u>1,773,823</u>	<u>205,042</u>	<u>7,068</u>	<u>1,985,933</u>
As at December 31, 2024				
Trade and notes payables	1,112,180	—	—	1,112,180
Other payables and accruals	486,799	—	—	486,799
Bank borrowings	1,190,412	259,072	242,216	1,691,700
Liabilities under supplier financing arrangement	599,640	—	—	599,640
Lease liabilities	27,745	38,112	15,021	80,878
	<u>3,416,776</u>	<u>297,184</u>	<u>257,237</u>	<u>3,971,197</u>
As at December 31, 2025				
Trade and notes payables	1,709,955	—	—	1,709,955
Other payables and accruals	621,982	—	—	621,982
Bank borrowings	1,591,219	245,591	220,437	2,057,247
Liabilities under supplier financing arrangement	510,141	—	—	510,141
Lease liabilities	32,763	33,788	7,081	73,632
	<u>4,466,060</u>	<u>279,379</u>	<u>227,518</u>	<u>4,972,957</u>

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	Within 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
As at June 30, 2026				
Trade and notes payables	1,542,909	—	—	1,542,909
Other payables and accruals	628,688	—	—	628,688
Bank borrowings	1,688,748	1,388,447	227,525	3,304,720
Liabilities under supplier financing arrangement	505,651	—	—	505,651
Lease liabilities	37,977	39,492	6,593	84,062
	<u>4,403,973</u>	<u>1,427,939</u>	<u>234,118</u>	<u>6,066,030</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	2023	As at December 31, 2024	2025	As at June 30, 2026
Total assets (<i>in RMB'000</i>)	5,300,934	7,412,611	9,100,850	10,212,543
Total liabilities (<i>in RMB'000</i>)	2,191,175	4,176,678	5,273,292	6,410,384
Liability-to-asset ratio	<u>41.34%</u>	<u>56.35%</u>	<u>57.94%</u>	<u>62.77%</u>

48. CONTINGENT LIABILITY

As of the end of each of the year/period for the Track Record Period, the Group did not have any material contingent liabilities.

49. EVENT AFTER THE END OF THE REPORTING PERIOD

The Group has no significant event subsequent to June 30, 2026.

III. 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.