

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages [I-1] to [I-●]], received from the Company’s independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document.

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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG RONGTAI ELECTRIC MATERIAL CO., LTD AND CITIC SECURITIES (HONG KONG) LTD.

Introduction

We report on the historical financial information of Zhejiang Rongtai Electric Material Co., Ltd (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024, 2025 and 30 June 2026, the statements of financial position of the Company as at 31 December 2023, 2024, 2025 and 30 June 2026, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [●] (the “Document”) in connection with the proposed [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation 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 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

APPENDIX I

ACCOUNTANTS’ REPORT

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 give a true and fair view in accordance with the basis of preparation and presentation 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, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the “Interim Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim 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,

APPENDIX I**ACCOUNTANTS’ REPORT**

nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

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

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Hong Kong

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APPENDIX I

ACCOUNTANTS’ REPORT

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 IFRS Accounting Standards issued by International Accounting Standards Board (“IASB”) and were audited by ZHONGHUI ANDA CPA Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

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

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	404,464	473,536	615,682	709,877
Right-of-use assets	16	79,021	88,366	104,939	98,730
Other intangible assets	18	1,435	462	15,243	13,290
Interests in an associate	19	–	–	304,891	307,928
Goodwill	17	–	–	149,742	149,742
Deferred tax assets	20	8,128	14,580	16,596	20,003
Other non-current assets	21	8,680	215,032	290,121	319,902
Total non-current assets		501,728	791,976	1,497,214	1,619,472
CURRENT ASSETS					
Inventories	22	170,952	251,110	378,374	442,957
Trade and notes receivables	23	226,877	277,334	364,317	394,686
Prepayments and other receivables	24	9,387	73,169	52,847	207,799
Financial assets at fair value through profit or loss	25	–	220,191	434,981	378,825
Financial assets at fair value through other comprehensive income	26	23,255	15,402	46,232	31,361
Bank and cash balances	27	1,022,671	583,826	474,103	367,538
Total current assets		1,453,142	1,421,032	1,750,854	1,823,166
CURRENT LIABILITIES					
Trade and notes payables	28	183,415	271,252	317,124	449,691
Amount due to related parties	40(c)	–	63	–	367
Other payables and accruals	29	31,609	28,579	139,538	131,627
Contract liabilities	30	10,098	18,120	46,744	50,997
Interest-bearing bank and other borrowings	31	19,800	–	534,198	532,392
Lease liabilities	16	2,077	4,009	8,080	9,344
Derivative financial instruments		–	–	–	330
Income tax payable		7,418	5,962	11,431	9,452
Total current liabilities		254,417	327,985	1,057,115	1,184,200
NET CURRENT ASSETS		1,198,725	1,093,047	693,739	638,966
TOTAL ASSETS LESS CURRENT LIABILITIES					
		1,700,453	1,885,023	2,190,953	2,258,438
NON-CURRENT LIABILITIES					
Other payables and accruals	29	–	–	151	128
Lease liabilities	16	19,599	21,063	24,273	21,154
Deferred income	32	19,406	33,036	31,427	34,646
Deferred tax liabilities	20	6	29	2,741	1,978
Total non-current liabilities		39,011	54,128	58,592	57,906
NET ASSETS		1,661,442	1,830,895	2,132,361	2,200,532
CAPITAL AND RESERVES					
Share capital	33	280,000	363,742	363,742	472,860
Reserves	34	1,381,442	1,467,153	1,673,469	1,626,476
Equity attributable to owners of the Company		1,661,442	1,830,895	2,037,211	2,099,336
Non-controlling interests		–	–	95,150	101,196
TOTAL EQUITY		1,661,442	1,830,895	2,132,361	2,200,532

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	6A	800,255	1,134,764	1,375,754	572,484	898,376
Cost of sales		(517,996)	(771,356)	(920,421)	(382,240)	(592,922)
Gross profit		282,259	363,408	455,333	190,244	305,454
Other income, gains and losses	7	33,016	41,143	49,809	26,907	(9)
Selling and marketing expenses		(20,738)	(26,845)	(34,595)	(14,793)	(24,988)
Administrative expenses		(48,640)	(50,806)	(75,620)	(32,923)	(50,266)
Research and development expenses		(45,106)	(61,311)	(65,471)	(26,398)	(47,614)
(Impairment losses)/reversal of impairment loss on financial assets, net		(202)	(3,571)	(5,121)	434	(3,004)
Other expenses		(565)	(945)	(567)	(444)	(1,320)
Share of profits of an associate	19	–	–	4,895	–	6,033
Finance costs	8	(4,693)	(1,227)	(8,402)	(2,026)	(6,628)
Profit before tax	9	195,331	259,846	320,261	141,001	177,658
Income tax expenses	10	(23,529)	(29,596)	(37,654)	(17,261)	(21,374)
Profit for the year/period		171,802	230,250	282,607	123,740	156,284
Other comprehensive income/(loss):						
<i>Items that may be reclassified to profit or loss:</i>						
Exchange differences arising on translation of foreign operations		123	(283)	356	(181)	(13,312)
Total comprehensive income for the year/period		171,925	229,967	282,963	123,559	142,972
Profit for the year/period attributable to:						
Owners of the Company		171,802	230,250	278,993	123,479	150,238
Non-controlling interests		–	–	3,614	261	6,046
		171,802	230,250	282,607	123,740	156,284
Total comprehensive income for the year/period attributable to:						
Owners of the Company		171,925	229,967	279,349	123,298	136,926
Non-controlling interests		–	–	3,614	261	6,046
		171,925	229,967	282,963	123,559	142,972
Earnings per share attributable to owners of the Company						
Basic and diluted (RMB)	14	0.41	0.49	0.59	0.26	0.32

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	258,584	269,222	271,431	264,824
Right-of-use assets	16	38,580	42,984	44,890	43,907
Other intangible assets	18	1,432	459	154	220
Interests in an associate	19	–	–	304,891	307,928
Investments in subsidiaries		79,658	79,658	489,138	586,114
Deferred tax assets	20	4,519	8,637	8,098	9,299
Other non-current assets	21	5,699	210,015	222,635	264,131
Total non-current assets		388,472	610,975	1,341,237	1,476,423
CURRENT ASSETS					
Inventories	22	126,626	189,838	238,650	292,765
Trade and notes receivables	23	237,975	413,837	360,477	410,938
Prepayments and other receivables . .	24	68,267	129,790	181,811	202,100
Financial assets at fair value through profit or loss	25	–	220,191	394,976	345,821
Financial assets at fair value through other comprehensive income	26	20,049	12,596	37,513	26,363
Bank and cash balances	27	1,004,689	526,254	379,131	271,935
Total current assets		1,457,606	1,492,506	1,592,558	1,549,922
CURRENT LIABILITIES					
Trade and notes payables	28	147,109	264,488	254,762	353,535
Other payables and accruals	29	27,613	28,684	123,739	111,485
Contract liabilities	30	10,094	18,120	89,643	60,419
Interest-bearing bank and other borrowings	31	19,800	–	497,170	495,581
Lease liabilities	16	–	1,806	3,989	5,000
Derivative financial instruments		–	–	–	330
Income tax payable		7,291	3,607	9,163	4,395
Total current liabilities		211,907	316,705	978,466	1,030,745
NET CURRENT ASSETS		1,245,699	1,175,801	614,092	519,177
TOTAL ASSETS LESS CURRENT LIABILITIES					
		1,634,171	1,786,776	1,955,329	1,995,600
NON-CURRENT LIABILITIES					
Lease liabilities	16	–	3,374	3,603	2,011
Deferred income	32	5,612	10,001	8,714	8,071
Deferred tax liabilities	20	6	29	–	–
Total non-current liabilities		5,618	13,404	12,317	10,082
NET ASSETS		1,628,553	1,773,372	1,943,012	1,985,518
CAPITAL AND RESERVES					
Share capital	33	280,000	363,742	363,742	472,860
Reserves	34	1,348,553	1,409,630	1,579,270	1,512,658
TOTAL EQUITY		1,628,553	1,773,372	1,943,012	1,985,518

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company					
	Share capital	Capital reserve	Exchange reserve	Statutory surplus reserve	Retained earnings	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 . . .	210,000	94,656	(118)	20,387	207,451	532,376
Profit for the year	–	–	–	–	171,802	171,802
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	123	–	–	123
Total comprehensive income for the year .	–	–	123	–	171,802	171,925
Capital injection (note 33)	70,000	900,055	–	–	–	970,055
Transfer to statutory surplus reserve	–	–	–	15,170	(15,170)	–
Dividend declared (note 13)	–	–	–	–	(14,000)	(14,000)
Share based payments .	–	1,086	–	–	–	1,086
At 31 December 2023 .	<u>280,000</u>	<u>995,797</u>	<u>5</u>	<u>35,557</u>	<u>350,083</u>	<u>1,661,442</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the Company						
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024 . . .	280,000	995,797	–	5	35,557	350,083	1,661,442
Profit for the year . . .	–	–	–	–	–	230,250	230,250
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	(283)	–	–	(283)
Total comprehensive income for the year .	–	–	–	(283)	–	230,250	229,967
Transfer to statutory surplus reserve	–	–	–	–	20,533	(20,533)	–
Transfer to share capital (<i>note 33</i>) . . .	83,742	(83,742)	–	–	–	–	–
Repurchase of shares (<i>note 34(d)</i>)	–	–	(22,520)	–	–	–	(22,520)
Dividend declared (<i>note 13</i>)	–	–	–	–	–	(39,080)	(39,080)
Share based payments .	–	1,086	–	–	–	–	1,086
At 31 December 2024 .	<u>363,742</u>	<u>913,141</u>	<u>(22,520)</u>	<u>(278)</u>	<u>56,090</u>	<u>520,720</u>	<u>1,830,895</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 . . .	363,742	913,141	(22,520)	(278)	56,090	520,720	1,830,895	–	1,830,895
Profit for the year . . .	–	–	–	–	–	278,993	278,993	3,614	282,607
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	356	–	–	356	–	356
Total comprehensive income for the year .	–	–	–	356	–	278,993	279,349	3,614	282,963
Acquisition of subsidiaries (note 44)	–	–	–	–	–	–	–	94,182	94,182
Acquisition from non-controlling interest	–	(3,354)	–	–	–	–	(3,354)	(2,646)	(6,000)
Transfer to statutory surplus reserve	–	–	–	–	23,932	(23,932)	–	–	–
Repurchase of shares (note 34(d))	–	–	(2,515)	–	–	–	(2,515)	–	(2,515)
Transfer from treasury share	–	30,503	(30,503)	–	–	–	–	–	–
Dividend declared (note 13)	–	–	–	–	–	(70,732)	(70,732)	–	(70,732)
Share based payments .	–	3,568	–	–	–	–	3,568	–	3,568
At 31 December 2025	<u>363,742</u>	<u>943,858</u>	<u>(55,538)</u>	<u>78</u>	<u>80,022</u>	<u>705,049</u>	<u>2,037,211</u>	<u>95,150</u>	<u>2,132,361</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2026

	Attributable to owners of the Company							Non-	
	Share	Capital	Treasury	Exchange	Statutory	Retained	Subtotal	controlling	Total equity
	capital	reserve	share	reserve	surplus	earnings		interest	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026 . . .	363,742	943,858	(55,538)	78	80,022	705,049	2,037,211	95,150	2,132,361
Profit for the period . .	–	–	–	–	–	150,238	150,238	6,046	156,284
Other comprehensive									
income for the									
period:									
Exchange differences									
on translation of									
foreign									
operations	–	–	–	(13,312)	–	–	(13,312)	–	(13,312)
Total comprehensive									
income for the									
period	–	–	–	(13,312)	–	150,238	136,926	6,046	142,972–
Transfer to share									
capital (<i>note 33</i>) . . .	109,118	(109,118)	–	–	–	–	–	–	–
Transfer from treasury									
share	–	(104)	104	–	–	–	–	–	–
Dividend declared									
(<i>note 13</i>)	–	–	–	–	–	(83,657)	(83,657)	–	(83,657)
Share based payments .	–	8,856	–	–	–	–	8,856	–	8,856
At 30 June 2026	<u>472,860</u>	<u>843,492</u>	<u>(55,434)</u>	<u>(13,234)</u>	<u>80,022</u>	<u>771,630</u>	<u>2,099,336</u>	<u>101,196</u>	<u>2,200,532</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Treasury share	Exchange reserve	Statutory surplus reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2025 . . .	363,742	913,141	(22,520)	(278)	56,090	520,720	1,830,895	–	1,830,895
Profit for the period (unaudited)	–	–	–	–	–	123,479	123,479	261	123,740
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	(181)	–	–	(181)	–	(181)
Total comprehensive income for the period	–	–	–	(181)	–	123,479	123,298	261	123,559
Acquisition of subsidiaries (note 44)	–	–	–	–	–	–	–	94,182	94,182
Repurchase of shares (note 34(d))	–	–	(2,515)	–	–	–	(2,515)	–	(2,515)
Dividend declared (note 13)	–	–	–	–	–	(70,732)	(70,732)	–	(70,732)
Share based payments .	–	542	–	–	–	–	542	–	542
At 30 June 2025 (unaudited)	<u>363,742</u>	<u>913,683</u>	<u>(25,035)</u>	<u>(459)</u>	<u>56,090</u>	<u>573,467</u>	<u>1,881,488</u>	<u>94,443</u>	<u>1,975,931</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Profit before tax		195,331	259,846	320,261	141,001	177,658
Adjustments for:						
Finance costs	8	4,693	1,227	8,402	2,026	6,628
Bank interest income	7	(9,013)	(17,403)	(15,821)	(3,552)	(8,432)
Depreciation of property, plant and equipment	15	34,145	40,412	50,582	22,355	31,064
Depreciation of right-of-use assets	16	3,706	4,262	10,300	3,702	7,785
Amortisation of other intangible assets	18	744	979	1,811	379	2,189
Amortisation of deferred income	32	(908)	(1,380)	(2,159)	(1,079)	(1,231)
Loss on disposals of property, plant and equipment	7	329	899	303	172	1,603
Gain on lease termination	7	—	—	(1,300)	—	—
Impairment losses of inventories	9	10,265	23,766	15,450	10,138	17,502
Impairment losses on financial assets, net	9	202	3,571	5,121	(434)	3,004
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	7	492	(6,625)	(9,550)	(4,902)	(3,059)
Gain on disposal of subsidiaries	7	—	—	(1,574)	—	—
Share based payment expenses	9	1,086	1,086	3,568	542	8,856
Share of profits of an associate		—	—	(4,895)	—	(6,033)
Operating cash flows before movements in working capital		241,072	310,640	380,499	170,348	237,534
Change in trade and notes receivables		9,174	(45,954)	(82,889)	(11,512)	(17,797)
Change in other receivables, deposits and prepayments		14,094	(39,041)	727	3,882	(7,936)
Change in inventories		(16,016)	(103,924)	(79,756)	(73,808)	(82,085)
Change in contract liabilities		5,793	8,022	27,144	20,386	4,253
Change in trade and notes payables		(24,488)	87,837	35,560	14,971	133,217
Change in other payables and accruals		538	(3,012)	14,713	(6,105)	2,792
Change in deferred income		3,840	15,010	550	—	4,450
Change in amount due to related parties		—	63	(63)	(63)	—
Cash generated from operations		234,007	229,641	296,485	118,099	274,428
Bank interest received		9,013	17,403	15,821	3,552	8,432
Income tax paid		(21,892)	(37,481)	(33,210)	(15,368)	(27,529)
NET CASH GENERATED FROM OPERATING ACTIVITIES		221,128	209,563	279,096	106,283	255,331
Cash flows from investing activities						
Purchases of property, plant and equipment, intangible assets, and other non-current assets		(54,241)	(103,684)	(237,887)	(77,774)	(125,331)
Proceeds from disposal of property, plant and equipment		422	260	176	143	239
Settlement of foreign exchange forward		(492)	—	—	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of time deposits and commercial bank's financing products		–	(3,250,000)	(3,919,537)	(2,061,000)	(1,074,572)
Proceeds from time deposits and commercial bank's financing products		–	2,786,434	3,756,899	1,974,345	995,856
Net cash outflow on acquisition of subsidiaries	44	–	–	(134,456)	(134,456)	–
Cash paid for contingent consideration	44	–	–	–	–	(12,070)
Net cash inflow on disposal of subsidiaries		–	–	655	–	–
Cash paid for interests in an associate		–	–	(299,996)	–	–
Cash paid for equity investments		–	–	–	–	(30,000)
Cash paid for financial assets at fair value through profit or loss (expected holding period over one year)		–	–	–	–	(5,000)
Dividends received from associates		–	–	–	–	2,996
NET CASH USED IN INVESTING ACTIVITIES		(54,311)	(566,990)	(834,146)	(298,742)	(247,882)
Cash flows from financing activities						
Borrowings raised		92,600	–	675,122	279,232	406,807
Proceeds from employee share scheme		–	–	55,140	–	–
Repayment of borrowings		(251,227)	(19,800)	(174,180)	(5,000)	(407,789)
Proceeds from issuance of A shares		1,008,715	–	–	–	–
Cash paid for distribution of dividends		(14,000)	(39,080)	(70,732)	(70,732)	(83,657)
Cash paid for interest expenses		(5,133)	(284)	(6,418)	(527)	(4,737)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of lease liabilities		(3,008)	(3,289)	(16,787)	(3,422)	(4,410)
Repurchase of shares		–	(22,520)	(2,515)	(2,515)	(188)
Payments of shares from non-controlling interests		–	–	(4,199)	–	(600)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		788,486	(84,973)	446,588	197,036	(106,412)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		955,303	(442,400)	(108,462)	4,577	(98,963)
Effect of foreign exchange rate changes		196	3,555	(1,544)	(322)	(7,319)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		67,172	1,022,671	583,826	583,826	473,820
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		1,022,671	583,826	473,820	588,081	367,538
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances		1,022,671	583,826	474,103	588,081	367,538
Restricted cash		–	–	(283)	–	–
		<u>1,022,671</u>	<u>583,826</u>	<u>473,820</u>	<u>588,081</u>	<u>367,538</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”). The registered address and office of the Company is No. 308, Zhongxing Road, Fengqiao Town, Nanhu District, Jiaxing City, Zhejiang Province, PRC. Mr. Ge Tairong directly held 118,270,901 A shares, accounting for approximately 32.52% of the issued share capital of the Company, regarded as the largest shareholder of the Company.

During the Track Record Period, the Company and its subsidiaries (together, the “Group”) were principally engaged in the research and development, manufacturing and sales of products including (i) composite materials and related products; and (ii) precision structural components and related products.

The statutory financial statements of the Company for the year ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Zhonghui Certified Public Accountants LLP 中匯會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

The Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Notes	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company										Principal activities
				Directly					Indirectly					
				As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	
Hunan Rongtai New Material Technology Co., Ltd. (“Rongtai Hunan”) 湖南榮泰新材料科技有限公司*	(c)	The PRC 3 April 2018	RMB115,000,000	100%	100%	100%	100%	100%	-	-	-	-	-	Manufacturing and sales of high-temperature mica composite insulation materials
Zhejiang Rongtai Automotive Parts Co., Ltd. (“Rongtai Automotive”) 浙江榮泰汽車零部件有限公司*	(a)	The PRC 28 November 2018	RMB10,000,000	100%	100%	100%	100%	100%	-	-	-	-	-	Processing and sales of thermal insulation components for new energy vehicles
Jiaxing Glory New Material Technology Co., Ltd. (“Glory New Material”) 嘉興市國勞瑞新材料科技有限公司*	(a)	The PRC 31 December 2015	RMB500,000	100%	100%	100%	100%	100%	-	-	-	-	-	Sales of thermal insulation components for new energy vehicles
Rongtai Electric Material PTE. LTD .	(d)	Singapore 3 June 2022	SGD1,000,000	100%	100%	100%	100%	100%	-	-	-	-	-	Trading of automotive parts and insulation and fireproofing materials
VIETNAM RONGTAI ELECTRIC MATERIAL CO., LTD (“Rongtai Vietnam”)	(e)	Vietnam 23 November 2022	VND39,248,000,000	-	-	-	-	-	100%	100%	100%	100%	100%	Manufacturing automobile parts and accessories
GLORYMICA MEXICO (“Rongtai Mexico”) .	(a)	Mexico 13 September 2024	MXN50,000	-	-	-	-	-	-	100%	100%	100%	100%	Research and development, manufacturing and sales of parts of new energy vehicle

APPENDIX I

ACCOUNTANTS’ REPORT

		Percentage of equity attributable to the Company												
				Directly					Indirectly					
Name	Notes	Place and date of registration and place of operations	Registered share capital	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	Principal activities
Rongtai Technology (Thailand) Company Limited (“Rongtai Thailand”).	(f)	Thailand 9 September 2024	THB5,000,000	-	-	-	-	-	-	100%	100%	100%	100%	Manufacturing and sales of parts of new energy vehicle
Zhejiang Rongtai Intelligent Robot Co., Ltd. (“Rongtai Robotics”) 浙江榮泰智能機器人有限公司*	(a)	The PRC 23 June 2025	RMB20,000,000	-	-	100%	100%	100%	-	-	-	-	-	Manufacturing of industrial robot
Shanghai Dizi Precision Machinery Co., Ltd. (“Dizi Precision”) 上海狄茲精密機械有限公司*	(b),(g)	The PRC 24 September 2008	RMB89,376,100	-	-	51%	51%	51%	-	-	-	-	-	Research and development, design, manufacturing and sale of precision structural components
Shangjing High Precision Transmission Technology (Shanghai) Co., Ltd. 上井高精傳動科技(上海)有限公司*	(g)	The PRC 19 November 2021	RMB31,600,000	-	-	-	-	-	-	-	51%	51%	51%	Technology service
Shanghai Kaijiji Robot Co., Ltd. 上海凱吉集機器人有限公司*	(g)	The PRC 13 December 2021	RMB10,000,000	-	-	-	-	-	-	-	51%	51%	51%	Technology import and export
Shenzhen Kaijiji Robot Co., Ltd. 深圳凱吉集機器人有限公司*	(g)	The PRC 19 July 2023	RMB1,000,000	-	-	-	-	-	-	-	51%	51%	51%	Research and development of intelligent robots
Sanyang Automation Technology (Shenzhen) Co., Ltd. (“Sanyang Automation”) 鈿洋自動化科技(深圳)有限公司*	(b),(g)	The PRC 3 July 2019	RMB500,000	-	-	-	-	-	-	-	31%	31%	31%	Technical development of industrial automation equipment
Shanghai Kaimao Industrial Co., Ltd (“Shanghai Kaimao”) 上海凱貿實業有限公司*	(h)	The PRC 3 December 2007	RMB500,000	-	-	-	-	-	-	-	-	-	-	Sales of metal materials and equipment
Shanghai Weike Precision Machinery Co., Ltd (“Shanghai Weike”) 上海唯奇精密機械有限公司*	(h)	The PRC 5 December 2012	RMB5,000,000	-	-	-	-	-	-	-	-	-	-	Sales of mechanical equipment
Hainan Rongtai New Materials Co., Ltd. (“Rongtai Hainan”) 海南榮泰新材料有限公司*	(a)	The PRC 13 October 2025	RMB1,000,000	-	-	100%	100%	100%	-	-	-	-	-	Sales of metal materials and equipment
RONGTAI NEW MATERIALS PTE. LTD.	(a)	Singapore 24 October 2025	USD1,000	-	-	-	-	-	-	-	100%	100%	100%	Wholesale trade of a variety of goods without a dominant product
Rongtai New Materials (Thailand) Company Limited	(a),(i)	Thailand 12 November 2025	THB4,000,000	-	-	-	-	-	-	-	100%	-	-	Sales of metal materials and insulating products

APPENDIX I

ACCOUNTANTS’ REPORT

Name	Notes	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company										Principal activities
				Directly					Indirectly					
				As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at the date of this report	
Hainan Dizi Robot Co., Ltd. 海南狄茲機器人有限公司	(a),(j)	The PRC 30 December 2025	RMB1,000,000	-	-	-	-	-	-	-	51%	51%	-	Manufacturing and sales of machine tool functional components and accessories
Zhejiang Rongtai Enterprise Management Co., Ltd. (“Rongtai Enterprise Management”) 浙江榮泰企業管理有限公司*	(a)	The PRC 18 May 2026	RMB12,000,000	-	-	-	-	-	-	-	-	100%	100%	Enterprise management

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

Notes:

- No audited financial statements have been prepared for the entities for the Track Record Period, as the entities was not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdictions of incorporation.
- The Company directly holds 51% shares of Dizi Precision and has control on Dizi Precision. Dizi Precision directly holds 60% shares of Sanyang Automation and has control on Sanyang Automation. In summary, the Company indirectly holds 31% shares of Sanyang Automation and has control on Sanyang Automation, so Sanyang Automation is classified as a subsidiary of the Company.
- The statutory financial statements for the year ended 31 December 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by CHANGSHA XIANGAN UNITES PUBLIC ACCOUNTANT FIRM 長沙湘安聯合會計師事務所, certified public accountants registered in PRC.
- The statutory financial statements for the year ended 31 December 2023 and 2024 prepared under Financial Reporting Standards in Singapore (“FRSs”) were audited by FAC Assurance PAC, certified public accountants registered in Singapore.
- The statutory financial statements for the period ended 31 December 2023 prepared under Vietnamese Accounting Standards (“VAS”) were audited by RUBIK Auditing Firm Company Limited, certified public accountants registered in Vietnam, and the statutory financial statements for the year ended 31 December 2024 prepared under PRC GAAP were audited by Zhonghui Certified Public Accountants LLP 中匯會計師事務所(特殊普通合夥), certified public accountants registered in PRC.
- The statutory financial statements for the year ended 31 December 2024 prepared under Financial Reporting Standards for Non-Publicly Accountable Entities were audited by Satsanan Dechasurook, certified public accountants registered in Thailand.
- The statutory consolidated financial statements for the year ended 31 December 2024 and 2025 prepared under PRC GAAP were audited by Zhonghui Certified Public Accountants LLP 中匯會計師事務所(特殊普通合夥), certified public accountants registered in PRC.
- After acquiring Dizi Precision and its subsidiaries in June 2025, the Dizi Precision sold 100% shares of the Shanghai Kaimao in July of the same year, followed by the sale of 100% shares of the Shanghai WeiKe in August of the same year.
- For business-development purposes, Rongtai New Materials (Thailand) Company Limited passed a resolution for dissolution. Liquidation was completed and deregistration procedures were completed in May 2026. The aforesaid entity has been excluded from the consolidated financial statements effective from the date of its deregistration.
- Hainan Dizi Robot Co., Ltd. was deregistered with effect from 1 July 2026.

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users of the Historical Financial Information. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on a going concern basis.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on 1 January 2026 throughout the Track Record Period.

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

The Group has not early applied the following new and amendments to IFRS Accounting Standards which have been issued but are not yet effective:

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

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

2 No mandatory effective date yet determined but available for adoption

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

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements which, the directors of the Company anticipate, the impact will not be material.

Except as described above, the Directors anticipate that the application of the amendments to IFRS Accounting Standards will have no material impact on the Group’s financial position in the foreseeable future.

APPENDIX I

ACCOUNTANTS’ REPORT

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards and applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and large certificates of bank deposits and contingent consideration which have been measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5.

Consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Track Record Period. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company’s share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations (other than under common control) and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

APPENDIX I

ACCOUNTANTS’ REPORT

The excess of the cost of acquisition over the Company’s share of the net fair value of the subsidiary’s identifiable assets and liabilities is recorded as goodwill. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (11) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders’ proportionate share of the net fair value of the subsidiary’s identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder’s intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group’s share of the net fair value of the associate’s identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group’s share of an associate’s post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group’s share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group’s interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based payment, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information of each of the group’s entity are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB, which is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(ii) Transactions and balances in each entity’s financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company’s presentation currency are translated into the Company’s presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

APPENDIX I

ACCOUNTANTS’ REPORT

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue from contracts with customers

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

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

The Group’s main products include mica-based composite materials (such as thermal runaway protection insulation components for new energy vehicles (“NEV”), flame-retardant insulation components for small household appliances, flame-retardant insulation tapes for cables, etc.), as well as key precision structural components and related products.

Revenue from domestic sales

Revenue is recognized when the customer receives the goods and confirms acceptance.

(i) Consumption and Reconciliation Revenue Recognition Model

The consumption and reconciliation model is referred to domestically as a consignment arrangement.

Pursuant to contractual terms, upon delivery of products to the customer’s designated location, the Company retains legal title to the goods and bears the related risks. The customer does not obtain ownership, bears no risk of damage, deterioration or obsolescence, and has no obligation to pay.

Revenue recognition and the Company’s right to consideration arise only when the customer withdraws and consumes the products, at which point control of the products transfers to the customer. The quantity, usage and corresponding amount are subject to mutual reconciliation between the parties. Revenue is recognised only after such reconciliation is completed and confirmed, at which stage settlement and the right to receive consideration are established.

Under the consumption and reconciliation model, the Group adopts tiered reconciliation procedures to track product usage and confirm customer consumption, with corresponding control measures as follows:

- Daily logistics monitoring by third-party warehouse

The third-party warehouse submits daily reports covering real-time inventory levels and all inbound and outbound movements of the Group’s products. This enables the Group to keep continuous track of product stock and flow on an ongoing basis.

- Regular financial reconciliation with customers

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s sales admin staff conduct reconciliation via the supplier systems provided by customers on an ad-hoc basis, with a minimum monthly review. They verify key information including customers’ received quantity, amount (only quantity is accessible for certain customers) and receipt dates. Financial settlements are executed only after the reconciliation results are confirmed consistent.

- Discrepancy handling & control measures

Where any differences are identified during reconciliation, the sales team will promptly communicate with the third-party warehouse and relevant customers to investigate the root causes and rectify issues in a timely manner. The whole process ensures the accuracy of consumption data, stock records and financial settlements.

(ii) *Sign-off Revenue Recognition Model*

- Direct Delivery Sign-off Model

Products are delivered directly from the Company’s manufacturing facilities to the customer’s plant or designated location. Under this model, the Company recognises revenue based on the customer’s signed delivery receipt and the corresponding sign-off date.

- Third-Party Warehouse Sign-off Model

Products are first shipped from the Company’s manufacturing facilities to a third-party warehouse leased by the Company and located at the customer’s plant or designated location. Subsequent deliveries to the customer are arranged based on the customer’s requirements. This arrangement typically applies to large-scale customers with stringent timeliness requirements and standardised internal controls.

After the products are dispatched from the third-party warehouse, the Company recognises revenue based on the quantity of goods picked up by the customer from the third-party warehouse and the date of receipt. This arrangement is in substance a sign off revenue recognition model.

Revenue from export sales

Under trade terms such as FOB, CIF, EXW, and FCA, revenue is recognized when the products are shipped and delivered to the designated carrier, export customs procedures are completed, and the Company obtains the relevant customs declarations. Revenue is recorded based on the export bill of lading.

Under trade terms such as DAP and DDP, revenue is recognized when the products are shipped and delivered to the designated carrier, export customs procedures are completed, and the Company obtains the relevant customs declarations, followed by the customer’s sign-off confirming receipt of the products.

Other income

Interest income is recognised using the effective interest method.

Contract liabilities

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

Property, plant and equipment

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

Freehold land	Not depreciated
Buildings	4.75% to 9.50%
Leasehold improvements	The shorter of remaining lease terms and 33.33%
Motor vehicles	19.00%
Machinery and equipment	9.50% to 19.00%
Electronic devices and other equipment	19.00% to 31.67%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Construction in progress includes property, plant and equipment in the course of construction for supply of services is carried at cost, less any recognised impairment loss. Construction in progress is 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, plant and equipment, commences when the assets are ready for their intended use.

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

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

Right-of-use assets

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

APPENDIX I

ACCOUNTANTS’ REPORT

Leasehold land	50 years
Office premises	3-10 years

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

Lease liabilities

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

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

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payment on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite useful lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3-5 years.

Patents

Patents are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10-20 years.

Research and development expenses

All research expenses are charged to the statement of profit or loss as incurred.

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

APPENDIX I

ACCOUNTANTS’ REPORT

All development expenses were charged to the statement of profit or loss as incurred during the Track Record Period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

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

Other employee benefits

Pension schemes

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

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

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

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

APPENDIX I

ACCOUNTANTS’ REPORT

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost;
- Investments at fair value through profit or loss; and
- Investments at fair value through other comprehensive income.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

APPENDIX I

ACCOUNTANTS’ REPORT

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables and notes receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost 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 reporting period.

Trade and notes payables

Trade and notes payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Share capital

Ordinary shares from owners are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the [REDACTED].

APPENDIX I

ACCOUNTANTS’ REPORT

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Provisions and contingent liabilities

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

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

Related parties

- (a) A person, or a close member of that person’s family, is related to the Group if that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Target Group or the Group’s parent.
- (b) An entity is related to the Target Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

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

Dividends

Dividends are recognised as a liability in the Group’s financial statements in the period in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

APPENDIX I

ACCOUNTANTS’ REPORT

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainties

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

Provision for expected credit losses on trade and notes receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consuming sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 23 to the Historical Financial Information.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Further details of the goodwill are set out in note 17 to the Historical Financial Information.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in downstream industries. Any write-down of inventories to net realisable value or reversal of write-down of inventories will impact on the carrying values of the inventories and the expenses of that period. Inventories will be reviewed annually for provision, if appropriate. Further details of the inventories are set out in note 22 to the Historical Financial Information.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group’s property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

APPENDIX I

ACCOUNTANTS’ REPORT

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

6. REVENUE AND SEGMENT INFORMATION

A. Revenue

(a) *Disaggregation of revenue from contracts with customers*

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Type of revenue:					
Sales of mica-based composite materials and related products	782,847	1,118,737	1,274,410	556,005	799,043
– <i>Products for NEV applications</i>	<i>574,627</i>	<i>897,803</i>	<i>1,063,840</i>	<i>458,638</i>	<i>697,741</i>
– Thermal runaway protection insulation component product . .	574,333	882,540	1,046,024	457,109	609,854
– Lightweight structural component	294	15,263	17,816	1,529	87,887
– <i>Products for non-NEV applications</i>	<i>208,220</i>	<i>220,934</i>	<i>210,570</i>	<i>97,367</i>	<i>101,302</i>
– Home appliances	112,142	120,243	105,907	47,847	50,807
– Cable	52,194	57,991	60,260	31,166	26,379
– Others	43,884	42,700	44,403	18,354	24,116
Sales of key precision structural components and related products . .	–	–	89,675	10,182	96,061
Others	17,408	16,027	11,669	6,297	3,272
Total	800,255	1,134,764	1,375,754	572,484	898,376
Timing of revenue recognition:					
Transferred at a point in time	800,255	1,134,764	1,375,754	572,484	898,376

Revenue from customers which individually contributed over 10% of the Group’s revenue were as follow:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer D – Mica-based composite materials	86,219	Note (i)	Note (i)	Note (i)	Note (i)
Customer E – Mica-based composite materials	81,812	Note (i)	Note (i)	Note (i)	Note (i)
Customer A – Mica-based composite materials	Note (i)	140,829	189,026	87,571	Note (i)
Customer B – Mica-based composite materials	Note (i)	136,670	191,078	78,087	103,498
Customer H – Mica-based composite materials	Note (i)	Note (i)	Note (i)	Note (i)	103,105

Note (i) Contributed less than 10% of the Group’s total revenue for the relevant years.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Performance obligation

The performance obligation is satisfied upon delivery of the mica and other products, and payment is generally due within 60 to 120 days from delivery, except for new customers, where payment in advance is normally required.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

B. Operating segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus on the overall results and financial position of the Group, therefore no other discrete financial information is provided other than the Group’s results and financial position as a whole.

The Group originally engaged in the manufacture and sales of mica-based composite materials and related products. After acquisitions of Dizi Precision (Note 44) in April 2025, the Group has diversified into the manufacture and sales of key precision structural components and related products sector.

As at 31 December 2023, 2024, The Group had only one single operating and reportable segment and only entity-wide disclosure are presented.

As at 31 December 2025 and 30 June 2026, the Group has two reportable segments as follows:

Mica-based composite materials	–	manufacture and sales of mica-based composite materials and related products
Key precision structural components	–	manufacture and sales of key precision structural components and related products

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment assets do not include investments and deferred tax assets.

Information about reportable segment profit or loss, assets and liabilities:

	Mica-based composite materials	Key precision structural components	Total
	RMB’000	RMB’000	RMB’000
Period ended 30 June 2026			
Revenue from external customers	802,315	96,061	898,376
Inter-segment revenue	–	654	654
Segment profit	139,549	16,838	156,387
<i>Other material items of income and expense:</i>			
Income tax expense/(credit)	19,273	2,101	21,374
<i>Other material non-cash items:</i>			
Impairment of inventories	15,553	1,949	17,502
Additions to segment non-current assets*	129,245	–	129,245
As at 30 June 2026			
Segment assets	2,820,459	294,248	3,114,707
Segment liabilities	1,145,565	94,563	1,240,128

* The additions to segment non-current assets information above is based on the increase in property, plant and equipment and right-of-use assets during the Track Record Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Mica-based composite materials	Key precision structural components	Total
	RMB'000	RMB'000	RMB'000
Revenue			
Total revenue of reportable segments	802,315	96,715	899,030
Elimination of inter-segment revenue	—	(654)	(654)
Consolidated revenue	<u>802,315</u>	<u>96,061</u>	<u>898,376</u>
Profit or loss			
Total segment profit	139,549	16,838	156,387
Elimination of inter-segment profit	—	(103)	(103)
Consolidated profit for the year	<u>139,549</u>	<u>16,735</u>	<u>156,284</u>
Assets			
Total assets of reportable segments	2,820,459	294,248	3,114,707
<i>Reconciliation:</i>			
Interests in an associate			307,928
Deferred tax assets			<u>20,003</u>
Consolidated total assets			<u>3,442,638</u>
Liabilities			
Total liabilities of reportable segments	1,145,565	94,563	1,240,128
<i>Reconciliation:</i>			
Deferred tax liabilities			<u>1,978</u>
Consolidated total liabilities			<u>1,242,106</u>
	Mica-based composite materials	Key precision structural components	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025			
Revenue from external customers	1,286,079	89,675	1,375,754
Inter-segment revenue	—	5,551	5,551
Segment profit	263,961	20,436	284,397
<i>Other material items of income and expense:</i>			
Income tax expense/(credit)	38,226	(572)	37,654
<i>Other material non-cash items:</i>			
Impairment of inventories	14,198	1,252	15,450
Additions to segment non-current assets*	163,943	5,144	169,087
As at 31 December 2025			
Segment assets	2,656,961	269,620	2,926,581
Segment liabilities	<u>1,031,677</u>	<u>81,289</u>	<u>1,112,966</u>

* The additions to segment non-current assets information above is based on the increase in property, plant and equipment and right-of-use assets during the Track Record Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Mica-based composite materials	Key precision structural components	Total
	RMB'000	RMB'000	RMB'000
Revenue			
Total revenue of reportable segments	1,286,079	95,226	1,381,305
Elimination of inter-segment revenue	—	(5,551)	(5,551)
Consolidated revenue	<u>1,286,079</u>	<u>89,675</u>	<u>1,375,754</u>
Profit or loss			
Total segment profit	263,961	20,436	284,397
Elimination of inter-segment profit	—	(1,790)	(1,790)
Consolidated profit for the year	<u>263,961</u>	<u>18,646</u>	<u>282,607</u>
Assets			
Total assets of reportable segments	2,656,961	269,620	2,926,581
Reconciliation:			
Interests in an associate			304,891
Deferred tax assets			<u>16,596</u>
Consolidated total assets			<u>3,248,068</u>
Liabilities			
Total liabilities of reportable segments	1,031,677	81,289	1,112,966
Reconciliation:			
Deferred tax liabilities			<u>2,741</u>
Consolidated total liabilities			<u>1,115,707</u>

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Chinese Mainland	475,666	562,242	735,339	298,609	473,940
Europe	183,731	327,443	440,166	187,658	319,075
Americas	97,942	139,007	144,402	64,122	69,026
Asia Pacific (excluding Chinese Mainland)	36,660	97,190	41,284	18,983	29,444
Others*	<u>6,256</u>	<u>8,882</u>	<u>14,563</u>	<u>3,112</u>	<u>6,891</u>
	<u>800,255</u>	<u>1,134,764</u>	<u>1,375,754</u>	<u>572,484</u>	<u>898,376</u>

* Others mainly include Middle East and Africa.

APPENDIX I

ACCOUNTANTS’ REPORT

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	Year ended 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese Mainland	462,786	543,196	1,126,636	997,477
Overseas	30,814	34,200	145,064	390,308
	<u>493,600</u>	<u>577,396</u>	<u>1,271,700</u>	<u>1,387,785</u>

The non-current asset information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

7. OTHER INCOME, GAINS AND LOSSES

An analysis of the Group’s other income, gains and losses is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Other income</u>					
Bank interest income	9,013	17,403	15,821	3,552	8,432
Government grants*	15,236	12,946	17,984	10,165	5,021
Others	4,941	918	336	228	258
Total other income	<u>29,190</u>	<u>31,267</u>	<u>34,141</u>	<u>13,945</u>	<u>13,711</u>
<u>Gains/(losses)</u>					
Loss on disposal of property, plant and equipment	(329)	(899)	(303)	(172)	(1,603)
Gain on lease termination	–	–	1,300	–	–
Gain on disposal of subsidiaries	–	–	1,574	–	–
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(492)	6,625	9,550	4,902	3,059
Foreign exchange gains/(losses), net . . .	4,402	3,317	(3,660)	2,316	(15,908)
Additional deduction of value-added tax	209	770	7,092	5,804	519
Others	36	63	115	112	213
Total gains/(losses), net	<u>3,826</u>	<u>9,876</u>	<u>15,668</u>	<u>12,962</u>	<u>(13,720)</u>
	<u>33,016</u>	<u>41,143</u>	<u>49,809</u>	<u>26,907</u>	<u>(9)</u>

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

APPENDIX I

ACCOUNTANTS’ REPORT

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank and other borrowings	3,647	266	6,644	1,358	5,857
Interest on lease liabilities	987	961	1,758	668	771
Interest on discount on notes receivable	59	—	—	—	—
	<u>4,693</u>	<u>1,227</u>	<u>8,402</u>	<u>2,026</u>	<u>6,628</u>

9. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold	517,996	771,356	920,421	382,240	592,922
Depreciation of property, plant and equipment	34,145	40,412	50,582	22,355	31,064
Depreciation of right-of-use assets	3,706	4,262	10,300	3,702	7,785
Amortisation of other intangible assets	744	979	1,811	379	2,189
Lease payments not included in the measurement of lease liabilities	253	331	4,336	129	2,110
Employee benefit expenses (including directors’ remuneration):					
Wages, salaries and allowances	131,117	152,437	200,414	88,219	111,223
Pension scheme contributions and other social welfare	23,385	33,240	47,530	20,408	28,185
Share-based payments	1,086	1,086	3,568	542	8,856
Total employee benefit expenses	<u>155,588</u>	<u>186,763</u>	<u>251,512</u>	<u>109,169</u>	<u>148,264</u>
Impairment losses of inventories (included in cost of sales)	10,265	23,766	15,450	10,138	17,502
Impairment losses/(reversal of impairment losses) on:					
– Trade and notes receivables	87	3,350	3,982	(256)	2,299
– Other receivables	115	221	1,139	(178)	705
	<u>202</u>	<u>3,571</u>	<u>5,121</u>	<u>(434)</u>	<u>3,004</u>

APPENDIX I

ACCOUNTANTS’ REPORT

10. INCOME TAX EXPENSES

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

Under the Corporate Income Tax Law of the PRC (the “CIT”), the statutory tax rate of the Company and subsidiaries in Chinese Mainland is 25%.

The Company was qualified as High and New Technology Enterprises (“HNTE”) during the Track Record Period. According to the HNTE certificate obtained in December 2022, the Company’s CIT rate was 15% for the years from 2022 to 2024. The Company renewed its INTE certification in December 2025 and is eligible for a 15% preferential tax rate for the years from 2025 to 2027.

List of other corporate income tax rates applicable to the Group’s subsidiaries:

Name	Countries and regions	Rates
Rongtai Hunan (a)	PRC	15%
Rongtai Automotive	PRC	25%
Glory New Material (e)	PRC	20%
Rongtai Electric Material PTE.LTD	Singapore	17%
Rongtai New Materials PTE. LTD.	Singapore	17%
Rongtai Vietnam (d)	Vietnam	20%
GLORYMICA MEXICO	Mexico	30%
Rongtai Technology (Thailand) Company Limited	Thailand	20%
Rongtai New Material (Thailand) Company Limited.	Thailand	20%
Rongtai Robotics	PRC	25%
Dizi Precision (b)	PRC	15%
Shangjing High Precision Transmission Technology (Shanghai) Co., Ltd. (c)	PRC	15%
Shanghai Kaijiji Robot Co., Ltd. (“Shanghai Kaijiji”) (e)	PRC	20%
Shanghai Kaijiji Automobile Technology Co., Ltd.	PRC	25%
Shenzhen Kaijiji Robot Co., Ltd. (“Shenzhen Kaijiji”) (e)	PRC	20%
Shanghai Weike Precision Machinery Co., Ltd.	PRC	25%
Sanyang Automation (e)	PRC	20%
Shanghai Kaimao Industrial Co., Ltd.	PRC	25%
Hainan Rongtai New Materials Co., Ltd.	PRC	25%
Hainan Dizi Robot Co., Ltd.	PRC	25%
Rongtai Enterprise Management (e)	PRC	20%
Shanghai Kaijiji Robot Co., Ltd Ningde Branch	PRC	25%

- (a) According to the HNTE certificate obtained in October 2023, the CIT rate of the subsidiary Rongtai Hunan was 15% for the years from 2023 to 2025.
- (b) According to the HNTE certificate obtained in November 2022, the CIT rate of the subsidiary, Dizi Precision, was 15% for the years from 2022 to 2024. Dizi Precision renewed its HNTE certification in December 2025 and is eligible for a 15% preferential tax rate for the years from 2025 to 2027.
- (c) According to the HNTE certificate obtained in December 2024, the CIT rate of the subsidiary Shangjing High Precision Transmission Technology (Shanghai) Co., Ltd. was 15% for the years from 2024 to 2026.
- (d) According to Vietnam’s Corporate Income Tax Law No. 14/VBHN-VPOH promulgated on 15 July 2020, the CIT rate of the subsidiary Vietnam Rongtai was 20%. In accordance with Vietnam’s Corporate Law, Vietnam Rongtai is eligible for a tax incentive of two years of exemption and four years of a 50% reduction.

APPENDIX I

ACCOUNTANTS’ REPORT

- (e) Pursuant to the Notice on Implementing the Inclusive Tax Reduction Policies for Small and Micro Enterprises (Cai Shui [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration, starting from 2019, for portions of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, 25% shall be included in taxable income, and enterprise income tax shall be levied at a tax rate of 20%.

Pursuant to the Announcement on Further Implementing Preferential Enterprise Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 of 2022, Ministry of Finance and State Taxation Administration), from 1 January 2022 to 31 December 2024, for portions of the annual taxable income of small and low-profit enterprises exceeding RMB1 million but not exceeding RMB 3 million, 25% shall be included in taxable income, and enterprise income tax shall be levied at a tax rate of 20%.

Pursuant to the provisions of the Announcement on Further Supporting Tax and Fee Policies for the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of 2023, Ministry of Finance and State Taxation Administration), the policy whereby taxable income of small and low-profit enterprises is calculated at a reduced rate of 25% and enterprise income tax is levied at a tax rate of 20% shall be extended to 31 December 2027.

Subsidiaries Gelorui and Rongtai Enterprise Management, as well as sub-subsidiaries Shenzhen Kaijiji, Shanyang Automation and Shanghai Kaijiji are eligible for the aforesaid preferential policy.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax – Chinese Mainland					
Charge for the year/period . . .	23,745	34,585	37,700	16,468	23,958
Under/(over) provision in prior years/periods	–	324	(298)	(3)	–
Current income tax – Overseas					
Charge for the year/period . . .	79	1,174	1,277	597	1,592
Over provision in prior years/periods	–	(58)	–	–	–
Deferred tax (note 20)	(295)	(6,429)	(1,025)	199	(4,176)
Total tax charge for the year/period	<u>23,529</u>	<u>29,596</u>	<u>37,654</u>	<u>17,261</u>	<u>21,374</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	195,331	259,846	320,261	141,001	177,658
Tax at the statutory tax rate	48,833	64,962	80,065	35,250	44,415
Effect of preferential tax rates . .	(19,533)	(25,985)	(32,026)	(14,100)	(17,766)
Effect of different tax rates of subsidiaries	(117)	662	26	(111)	(55)
Under/(over) provision in prior years/periods	–	266	(298)	(3)	–
Non-taxable income	–	–	(861)	–	(941)
Expenses not deductible for tax . .	660	253	1,047	801	448
Deductible temporary differences not recognised	758	27	611	196	348
Tax benefit for qualifying research and development expenses and wages for disabled employees	(7,072)	(10,589)	(10,910)	(4,772)	(5,075)
Tax charge at the Group's effective tax rate	<u>23,529</u>	<u>29,596</u>	<u>37,654</u>	<u>17,261</u>	<u>21,374</u>

APPENDIX I

ACCOUNTANTS’ REPORT

11. DIRECTORS’ REMUNERATION

The remuneration paid or payable to directors of the Company during the Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	240	252	240	120	120
Other emoluments:					
Salaries, allowances and benefits in kind	2,366	3,160	3,645	1,759	1,803
Performance related bonuses	480	840	866	420	433
Retirement benefit scheme contributions	39	48	147	33	44
Share based payments	—	—	204	—	660
Subtotal	2,885	4,048	4,862	2,212	2,940
Total fees and other emoluments	3,125	4,300	5,102	2,332	3,060

The remuneration disclosed above included the remuneration received by certain directors prior to their appointments as the directors of the Company.

		Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contributions	Share based payments	Total remuneration
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023								
Meisheng Cao	Director	(note (i))	—	717	200	—	—	917
Tairong Ge	Director	(note (ii))	—	212	—	—	—	212
Minmin Zheng	Director	(note (iii))	—	1,437	280	39	—	1,756
Fan Ge	Director	(note (iv))	—	—	—	—	—	—
Xiao Wei	Independent director	(note (v))	80	—	—	—	—	80
Binfeng Chai	Independent director	(note (viii))	80	—	—	—	—	80
Hua Qiu	Independent director	(note (ix))	80	—	—	—	—	80
			240	2,366	480	39	—	3,125
Year ended 31 December 2024								
Meisheng Cao	Director	(note (i))	—	725	280	—	—	1,005
Tairong Ge	Director	(note (ii))	—	1,000	280	—	—	1,280
Minmin Zheng	Director	(note (iii))	—	1,435	280	48	—	1,763
Fan Ge	Director	(note (iv))	—	—	—	—	—	—
Xiao Wei	Independent director	(note (v))	80	—	—	—	—	80
Maoli Ji	Independent director	(note (vi))	40	—	—	—	—	40
Yulei An	Independent director	(note (vii))	40	—	—	—	—	40
Binfeng Chai	Independent director	(note (viii))	46	—	—	—	—	46
Hua Qiu	Independent director	(note (ix))	46	—	—	—	—	46
			252	3,160	840	48	—	4,300

APPENDIX I

ACCOUNTANTS’ REPORT

	Position	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contributions	Share based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Year ended</u>							
<u>31 December</u>							
<u>2025</u>							
Meisheng Cao	Director	–	1,071	280	–	–	1,351
(note (i))							
Tairong Ge	Director	–	1,000	280	–	–	1,280
(note (ii))							
Minmin Zheng	Director	–	1,424	280	115	181	2,000
(note (iii))							
Fan Ge (note (iv)) .	Director	–	–	–	–	–	–
Rao Lei	Director	–	150	26	32	23	231
(note (x))							
Xiao Wei	Independent	80	–	–	–	–	80
(note (v))	director						
Maoli Ji	Independent	80	–	–	–	–	80
(note (vi))	director						
Yulei An	Independent	80	–	–	–	–	80
(note (vii))	director						
		<u>240</u>	<u>3,645</u>	<u>866</u>	<u>147</u>	<u>204</u>	<u>5,102</u>
<u>Period ended</u>							
<u>30 June 2026</u>							
Meisheng Cao	Director	–	526	140	–	–	666
(note (i))							
Tairong Ge	Director	–	500	140	–	–	640
(note (ii))							
Minmin Zheng	Director	–	701	140	43	642	1,526
(note (iii))							
Fan Ge (note (iv)) .	Director	–	–	–	–	–	–
Rao Lei (note (x)) .	Director	–	76	13	1	18	108
Xiao Wei	Independent	40	–	–	–	–	40
(note (v))	director						
Maoli Ji	Independent	40	–	–	–	–	40
(note (vi))	director						
Yulei An	Independent	40	–	–	–	–	40
(note (vii))	director						
		<u>120</u>	<u>1,803</u>	<u>433</u>	<u>44</u>	<u>660</u>	<u>3,060</u>
<u>Period ended</u>							
<u>30 June 2025</u>							
<u>(unaudited)</u>							
Meisheng Cao	Director	–	542	140	–	–	682
(note (i))							
Tairong Ge	Director	–	500	140	–	–	640
(note (ii))							
Minmin Zheng	Director	–	717	140	33	–	890
(note (iii))							
Fan Ge	Director	–	–	–	–	–	–
(note (iv))							
Xiao Wei	Independent	40	–	–	–	–	40
(note (v))	director						
Maoli Ji	Independent	40	–	–	–	–	40
(note (vi))	director						
Yulei An	Independent	40	–	–	–	–	40
(note (vii))	director						
		<u>120</u>	<u>1,759</u>	<u>420</u>	<u>33</u>	<u>–</u>	<u>2,332</u>

- (i) Meisheng Cao was appointed as a director on 20 August 2021.
- (ii) Tairong Ge was appointed as a director on 20 August 2021.
- (iii) Minmin Zheng was appointed as a director on 20 August 2021.
- (iv) Fan Ge was appointed as a director on 20 August 2021.

APPENDIX I

ACCOUNTANTS’ REPORT

- (v) Xiao Wei was appointed as an independent director on 20 August 2021.
- (vi) Maoli Ji was appointed as an independent director on 5 September 2024.
- (vii) Yulei An was appointed as an independent director on 5 September 2024.
- (viii) Binfeng Chai was appointed as an independent director on 20 August 2021, and resigned on 5 September 2024.
- (ix) Hua Qiu was appointed as an independent director on 11 November 2021, and resigned on 5 September 2024.
- (x) Rao Lei was appointed as a director on 17 November 2025.

The executive directors’ emoluments are for their services in connection to the management of the affairs of the Company and the Group.

During the Track Record Period, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during the Track Record Period.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 included two, three, three, three and three directors, respectively, details of whose remuneration are set out in note 11 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor chief executive of the Company during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	1,577	1,136	1,440	773	802
Performance related bonuses	300	260	350	–	–
Retirement benefit scheme contributions	76	51	45	14	54
Share-based payments	112	112	145	–	217
	<u>2,065</u>	<u>1,559</u>	<u>1,980</u>	<u>787</u>	<u>1,073</u>

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Nil to HK\$1,000,000	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

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

APPENDIX I

ACCOUNTANTS’ REPORT

13. DIVIDENDS

On 21 September 2023, the Company declared interim cash dividends of RMB14,000,000 to its shareholders, which were paid in 27 September 2023.

On 12 June 2024, the Company declared a final cash dividend of RMB39,079,670 to its shareholders (paid on 18 June 2024) and a non-cash dividend in the form of a capital reserve conversion into 83,742,150 shares of share capital.

On 11 June 2025, the Company declared final cash dividends of RMB70,732,323 to its shareholders, which were paid in 17 June 2025.

On 21 April 2026, the Company declared a cash dividend of RMB83,656,994 to its shareholders and a non-cash dividend in the form of a capital reserve conversion into 109,117,818 shares of share capital, which were paid on 15 May 2026.

14. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the years/periods attributable to owners of the Company, and the weighted average numbers of ordinary shares outstanding during each of the Track Record Period.

The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to owners of the Company, adjusted to reflect the interest on the share options, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>(unaudited)</i>				
Profit attributable to owners of the Company (RMB'000)	171,802	230,250	278,993	123,479	150,238
Weighted average number of ordinary shares used in the basic earnings per share calculation	419,781,462	472,013,789	471,565,220	471,581,621	471,548,818
Effect of dilutive potential ordinary shares arising from share options outstanding	—	—	—	—	263,803
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	419,781,462	472,013,789	471,565,220	471,581,621	471,812,621
Basic earnings per share (RMB) . . .	0.41	0.49	0.59	0.26	0.32
Diluted earnings per share (RMB) . .	0.41	0.49	0.59	0.26	0.32

Diluted earnings per share amounts presented are the same as the basic earnings per share amounts as there were no potentially dilutive ordinary shares outstanding for the years ended 31 December 2023, 2024, and the six months ended 30 June 2025.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2025 of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

APPENDIX I

ACCOUNTANTS’ REPORT

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2023	–	247,563	–	6,232	181,604	15,766	21,376	472,541
Additions	–	642	1,416	8,017	8,311	5,614	22,827	46,827
Disposals	–	–	–	(1,820)	(791)	(73)	–	(2,684)
Transfer	–	22,470	–	–	11,910	1,786	(36,166)	–
Exchange difference	–	–	2	–	(12)	–	–	(10)
At 31 December 2023 and 1 January 2024	–	270,675	1,418	12,429	201,022	23,093	8,037	516,674
Additions	–	–	151	3,793	27,158	6,719	72,992	110,813
Disposals	–	–	–	(291)	(2,268)	(79)	–	(2,638)
Transfer	–	4,327	–	–	16,963	559	(21,849)	–
Exchange difference	–	–	(37)	(5)	(213)	(69)	–	(324)
At 31 December 2024 and 1 January 2025	–	275,002	1,532	15,926	242,662	30,223	59,180	624,525
Additions	–	702	828	602	28,466	5,220	114,992	150,810
Acquisition of subsidiaries (note 44)	–	–	3,972	2,567	30,040	2,279	4,967	43,825
Disposals	–	–	–	(923)	(1,315)	(705)	–	(2,943)
Transfer	–	47,080	–	–	41,671	1,967	(90,718)	–
Exchange difference	–	–	(94)	(7)	(622)	(102)	–	(825)
At 31 December 2025 and 1 January 2026	–	322,784	6,238	18,165	340,902	38,882	88,421	815,392
Additions	53,235	1,099	712	319	29,971	1,119	41,014	127,469
Disposals	–	–	–	(1)	(3,488)	(419)	–	(3,908)
Transfer	–	53,039	–	–	12,812	195	(66,046)	–
Exchange difference	–	–	–	(4)	(372)	(60)	–	(436)
At 30 June 2026	53,235	376,922	6,950	18,479	379,825	39,717	63,389	938,517
ACCUMULATED DEPRECIATION								
At 1 January 2023	–	23,751	–	4,470	46,315	5,491	–	80,027
Charge for the year	–	12,330	134	788	17,479	3,414	–	34,145
Eliminated on disposals	–	–	–	(1,722)	(203)	(31)	–	(1,956)
Exchange difference	–	–	–	–	(4)	(2)	–	(6)
At 31 December 2023 and 1 January 2024	–	36,081	134	3,536	63,587	8,872	–	112,210
Charge for the year	–	13,305	232	1,967	20,878	4,030	–	40,412
Eliminated on disposals	–	–	–	(259)	(1,292)	(73)	–	(1,624)
Exchange difference	–	–	7	–	(11)	(5)	–	(9)
At 31 December 2024 and 1 January 2025	–	49,386	373	5,244	83,162	12,824	–	150,989
Charge for the year	–	14,063	793	3,231	26,960	5,535	–	50,582
Eliminated on disposals	–	–	–	(732)	(546)	(351)	–	(1,629)
Exchange difference	–	–	(47)	(3)	(66)	(116)	–	(232)
At 31 December 2025 and 1 January 2026	–	63,449	1,119	7,740	109,510	17,892	–	199,710
Charge for the period	–	8,073	795	1,764	16,890	3,542	–	31,064
Eliminated on disposals	–	–	–	(1)	(1,597)	(468)	–	(2,066)
Exchange difference	–	(9)	23	(2)	(78)	(2)	–	(68)
At 30 June 2026	–	71,513	1,937	9,501	124,725	20,964	–	228,640

APPENDIX I

ACCOUNTANTS’ REPORT

	Freehold land	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CARRYING AMOUNT								
At 31 December 2023 . . .	–	234,594	1,284	8,893	137,435	14,221	8,037	404,464
At 31 December 2024 . . .	–	225,616	1,159	10,682	159,500	17,399	59,180	473,536
At 31 December 2025 . . .	–	259,335	5,119	10,425	231,392	20,990	88,421	615,682
At 30 June 2026	53,235	305,409	5,013	8,978	255,100	18,753	63,389	709,877

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group has not yet obtained the building ownership certificates for its buildings amounted to approximately RMB98,270,000, RMB94,122,000, nil and RMB43,542,000, respectively.

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group had bank facilities that were secured by pledged buildings with carrying amounts of approximately RMB46,491,000, RMB43,595,000, nil and nil respectively.

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group had bank facilities that were secured by a pledged motor vehicle with carrying amounts of approximately nil, nil, RMB254,000 and RMB282,000 respectively.

Freehold land located in Thailand is stated at cost less impairment losses. Freehold land has an indefinite useful life and therefore no depreciation is provided. Buildings erected on such land are depreciated over their estimated useful lives. Impairment test is performed when there is an indication of impairment. At 30 June 2026, the Group has not yet obtained the ownership certificates for its freehold land amounted to approximately RMB53,235,000.

The Company

	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2023 . .	164,504	–	5,668	105,221	10,460	21,038	306,891
Additions	–	–	7,773	3,065	2,303	14,055	27,196
Disposals	–	–	(1,820)	(166)	(13)	–	(1,999)
Transfer	22,342	–	–	8,501	–	(30,843)	–
At 31 December 2023 and 1 January 2024	186,846	–	11,621	116,621	12,750	4,250	332,088
Additions	–	151	3,667	21,073	2,284	2,324	29,499
Disposals	–	–	(208)	(1,120)	(79)	(428)	(1,835)
Transfer	1,675	–	–	5,244	–	–	6,919
At 31 December 2024 and 1 January 2025	188,521	151	15,080	141,818	14,955	6,146	366,671
Additions	65	–	7	22,909	3,104	5,151	31,236
Disposals	–	–	(599)	(1,139)	(352)	–	(2,090)
Transfer	–	–	–	6,827	–	(6,827)	–
At 31 December 2025 and 1 January 2026	188,586	151	14,488	170,415	17,707	4,470	395,817
Additions	–	–	–	9,142	893	827	10,862
Disposals	(65)	–	–	(4,049)	–	–	(4,114)
Transfer	–	–	–	548	–	(548)	–
At 30 June 2026 . . .	188,521	151	14,488	176,056	18,600	4,749	402,565

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Electronic devices and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ACCUMULATED DEPRECIATION							
At 1 January 2023 . .	13,554	—	4,231	32,919	4,110	—	54,814
Charge for the year .	8,221	—	663	9,667	1,965	—	20,516
Eliminated on disposals	—	—	(1,720)	(96)	(10)	—	(1,826)
At 31 December 2023 and 1 January 2024	21,775	—	3,174	42,490	6,065	—	73,504
Charge for the year .	9,080	44	1,833	11,920	2,196	—	25,073
Eliminated on disposals	—	—	(181)	(874)	(73)	—	(1,128)
At 31 December 2024 and 1 January 2025	30,855	44	4,826	53,536	8,188	—	97,449
Charge for the year .	9,124	50	2,549	13,645	2,611	—	27,979
Eliminated on disposals	—	—	(557)	(421)	(64)	—	(1,042)
At 31 December 2025 and 1 January 2026	39,979	94	6,818	66,760	10,735	—	124,386
Charge for the period	4,562	25	1,254	7,723	1,460	—	15,024
Eliminated on disposals	—	—	—	(1,669)	—	—	(1,669)
At 30 June 2026 . . .	44,541	119	8,072	72,814	12,195	—	137,741
CARRYING AMOUNT							
At 31 December 2023	165,071	—	8,447	74,131	6,685	4,250	258,584
At 31 December 2024	157,666	107	10,254	88,282	6,767	6,146	269,222
At 31 December 2025	148,607	57	7,670	103,655	6,972	4,470	271,431
At 30 June 2026 . . .	143,980	32	6,416	103,242	6,405	4,749	264,824

16. LEASES

The Group as a lessee

The Group has lease contract for various items of leasehold land and buildings. Lump sum payments were made upfront to acquire the land use right in Chinese Mainland with periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 3 and 10 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Track Record Period are as follows:

The Group

	Office premises	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	24,268	59,194	83,462
Depreciation provided during the year . . .	(2,405)	(1,301)	(3,706)

APPENDIX I

ACCOUNTANTS’ REPORT

	Office premises	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Exchange difference	(735)	–	(735)
At 31 December 2023 and 1 January 2024	21,128	57,893	79,021
Additions	5,623	7,654	13,277
Depreciation provided during the year	(2,908)	(1,354)	(4,262)
Exchange difference	330	–	330
At 31 December 2024 and 1 January 2025	24,173	64,193	88,366
Additions	13,990	4,287	18,277
Acquisition of subsidiaries (<i>note 44</i>)	25,860	–	25,860
Lease termination	(16,893)	–	(16,893)
Depreciation provided during the period	(8,826)	(1,474)	(10,300)
Exchange difference	(371)	–	(371)
At 31 December 2025 and 1 January 2026	37,933	67,006	104,939
Additions	1,776	–	1,776
Depreciation provided during the period	(7,028)	(757)	(7,785)
Exchange difference	(200)	–	(200)
At 30 June 2026	32,481	66,249	98,730

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group had bank facilities that were secured by pledged leasehold land with carrying amounts of approximately RMB13,868,000, RMB13,544,000, nil and nil respectively.

The Company

	Office premises	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	–	39,456	39,456
Depreciation provided during the year	–	(876)	(876)
At 31 December 2023 and 1 January 2024	–	38,580	38,580
Additions	5,623	–	5,623
Depreciation provided during the year	(442)	(777)	(1,219)
At 31 December 2024 and 1 January 2025	5,181	37,803	42,984
Additions	5,971	–	5,971
Depreciation provided during the year	(3,227)	(838)	(4,065)
At 31 December 2025 and 1 January 2026	7,925	36,965	44,890
Additions	1,776	–	1,776
Depreciation provided during the period	(2,334)	(425)	(2,759)
At 30 June 2026	7,367	36,540	43,907

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Lease liabilities

At the end of each reporting period, the lease liabilities were repayable as follow:

The Group

	Lease payments				Present value of lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2023	2024	2025	2026	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,978	5,021	9,434	10,547	2,077	4,009	8,080	9,344
After one year but within two years	2,978	5,021	9,199	7,526	2,170	4,195	8,207	6,725
After two years but within five years	8,935	10,567	17,288	15,191	7,113	9,024	16,066	14,429
After five years	11,168	8,312	–	–	10,316	7,844	–	–
	26,059	28,921	35,921	33,264	21,676	25,072	32,353	30,498
Less: Future finance charge	(4,383)	(3,849)	(3,568)	(2,766)				
Present value of lease liabilities	21,676	25,072	32,353	30,498				
Less: Amount due for settlement within 12 months (shown under current liabilities)					(2,077)	(4,009)	(8,080)	(9,344)
Amount due for settlement after 12 months					19,599	21,063	24,273	21,154

The Company

	Lease payments				Present value of lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2023	2024	2025	2026	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	–	1,999	4,243	5,203	–	1,806	3,989	5,000
After one year but within two years	–	1,999	3,670	2,028	–	1,894	3,603	2,011
After two years but within five years	–	1,499	–	–	–	1,480	–	–
After five years	–	–	–	–	–	–	–	–
	–	5,497	7,913	7,231	–	5,180	7,592	7,011
Less: Future finance charge	–	(317)	(321)	(220)				
Present value of lease liabilities	–	5,180	7,592	7,011				
Less: Amount due for settlement within 12 months (shown under current liabilities)					–	(1,806)	(3,989)	(5,000)
Amount due for settlement after 12 months					–	3,374	3,603	2,011

APPENDIX I

ACCOUNTANTS’ REPORT

The carrying amount of lease liabilities and the movements during the Track Record Period are as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	24,413	21,676	25,072	32,353
New leases	–	5,623	13,990	1,776
Accretion of interest recognised during the year/period	987	961	1,758	771
Acquisition of subsidiaries (note 44)	–	–	27,776	–
Payments	(3,008)	(3,289)	(16,787)	(4,409)
Lease termination	–	–	(18,193)	–
Exchange difference	(716)	101	(1,263)	7
Carrying amount at end of year/period	<u>21,676</u>	<u>25,072</u>	<u>32,353</u>	<u>30,498</u>
Analysed into:				
Current portion	2,077	4,009	8,080	9,344
Non-current portion	<u>19,599</u>	<u>21,063</u>	<u>24,273</u>	<u>21,154</u>

The maturity analysis of lease liabilities is disclosed in note 43 to the Historical Financial Information.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	–	–	5,180	7,592
New leases	–	5,623	5,971	1,776
Payments	–	(443)	(3,559)	(2,357)
Carrying amount at end of year/period	<u>–</u>	<u>5,180</u>	<u>7,592</u>	<u>7,011</u>
Analysed into:				
Current portion	–	1,806	3,989	5,000
Non-current portion	<u>–</u>	<u>3,374</u>	<u>3,603</u>	<u>2,011</u>

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

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	987	961	1,758	668	771
Depreciation charge of right-of-use assets	3,706	4,262	10,300	3,702	7,785
Expenses relating to short-term leases and leases of low-value assets	<u>253</u>	<u>331</u>	<u>4,336</u>	<u>129</u>	<u>2,110</u>
Total amount recognised in profit or loss	<u>4,946</u>	<u>5,554</u>	<u>16,394</u>	<u>4,499</u>	<u>10,666</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Interest on lease liabilities	–	58	337	150	183
Depreciation charge of right-of-use assets	–	1,219	4,065	1,725	2,759
Expenses relating to short-term leases and leases of low-value assets	253	331	387	129	127
Total amount recognised in profit or loss	<u>253</u>	<u>1,608</u>	<u>4,789</u>	<u>2,004</u>	<u>3,069</u>
	As at 31 December			As at 30 June	
	2023	2024	2025	2026	
Incremental borrowing rate .	<u>4.40%</u>	<u>4.40% – 4.75%</u>	<u>4.75%</u>	<u>4.75%</u>	

17. GOODWILL

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year/period . . .	–	–	–	149,742
Business combination	–	–	149,742	–
At the end of year/period	<u>–</u>	<u>–</u>	<u>149,742</u>	<u>149,742</u>

Impairment testing of goodwill with an indefinite useful life

The carrying amount of goodwill allocated to the group of cash-generating unit (“CGU”) is as follow:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Shanghai Dizi Precision Machinery Co., Ltd. and its subsidiaries (“Dizi Precision Group”)	<u>N/A</u>	<u>N/A</u>	<u>149,742</u>	<u>149,742</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Goodwill arising from the acquisition of Dizi Precision Group has been allocated to the key precision structural components segment. Management performed an impairment assessment on the goodwill as at 31 December 2025 and 30 June 2026. The recoverable amount of the Dizi Precision Group is determined based on the value in use calculations based on five-year financial budgets. The following table sets key assumption of CGU on which management has based its cash flow projections to undertake impairment testing of goodwill:

Assumption	Rate		Approach used to determine values
	As at 31 December	As at 30 June	
	2025	2026	
Revenue annual growth rate	2026: 65.6% 2027: 21.7% 2028: 20.3% 2029: 17.7% 2030: 3.1%	2026: 65.1% 2027: 22.4% 2028: 19.8% 2029: 17.1% 2030: 3.4%	Revenue annual growth rate is estimated based on past performance and management’s expectations of market development.
Net margin	2026: 14.6% 2027: 15.6% 2028: 18.7% 2029: 21.4% 2030: 21.2%	2026: 9.5% 2027: 17.4% 2028: 18.5% 2029: 20.2% 2030: 20.8%	Based on past performance and management’s expectations for the future.
Pre-tax discount rate . .	12.9%	13.4%	The pre-tax discount rate was determined using a risk premium approach, based on the risk-free rate aligned with the cash flow projection period and adjusted for company-specific risk. The rate reflects the relationship between the project’s cost of capital and the associated future cash flows.

Based on management’s assessment on the recoverable amount of the CGU, no impairment provision was considered necessary as at 31 December 2025 and 30 June 2026.

Impact of possible changes in key assumption

Based on management’s assessment on the recoverable amounts, the headroom of Dizi Precision Group as follow:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Dizi Precision Group	<u>N/A</u>	<u>N/A</u>	<u>25,664</u>	<u>22,133</u>

For the sensitivity analysis of Dizi Precision Group conducted during the impairment review, had there been reasonably possible changes with reduction of the revenue annual growth rate of each year during the forecast period by 1%, or a reduction of net margin rate of each year during the forecast period by 1%, or an increase in pre-tax discount rate by 1%, it would cause the reduction of the recoverable amount of Dizi Precision Group as follows, if one of the key assumptions was to change while other variable held constant: as at 31 December 2025, the recoverable amount would decrease by RMB1,610,000, RMB6,000,000 and RMB6,540,000, and as at 30 June 2026, the recoverable amount would decrease by RMB700,000, RMB6,050,000 and RMB6,640,000, respectively.

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGU to exceed their recoverable amounts as at 31 December 2025 and 30 June 2026.

Dizi Precision Group has established a high reputation and significant influence in the research and development and production of precision transmission products. With strong independent research and development capabilities and competitive strength in the industry, its technical expertise and production capacity in precision lead screws enable the Company to rapidly expand into emerging fields such as precision transmission, smart equipment and humanoid robots.

APPENDIX I

ACCOUNTANTS’ REPORT

18. OTHER INTANGIBLE ASSETS

The Group

	Patents	Software	Total
	RMB'000	RMB'000	RMB'000
<u>COST</u>			
At 1 January 2023	–	2,622	2,622
Additions	–	830	830
At 31 December 2023 and 1 January 2024	–	3,452	3,452
Additions	–	6	6
At 31 December 2024 and 1 January 2025	–	3,458	3,458
Additions	–	447	447
Acquisition of subsidiaries (<i>note 44</i>)	13,932	2,213	16,145
At 31 December 2025 and 1 January 2026	13,932	6,118	20,050
Additions	–	236	236
At 30 June 2026	13,932	6,354	20,286

ACCUMULATED AMORTISATION

At 1 January 2023	–	1,273	1,273
Amortisation for the year	–	744	744
At 31 December 2023 and 1 January 2024	–	2,017	2,017
Amortisation for the year	–	979	979
At 31 December 2024 and 1 January 2025	–	2,996	2,996
Amortisation for the year	1,210	601	1,811
At 31 December 2025 and 1 January 2026	1,210	3,597	4,807
Amortisation for the period	1,679	510	2,189
At 30 June 2026	2,889	4,107	6,996

CARRYING AMOUNT

At 31 December 2023	–	1,435	1,435
At 31 December 2024	–	462	462
At 31 December 2025	12,722	2,521	15,243
At 30 June 2026	11,043	2,247	13,290

The Company

	Software
	RMB'000
<u>COST</u>	
At 1 January 2023	2,598
Additions	825
At 31 December 2023 and 1 January 2024	3,423
Additions	6
At 31 December 2024, 1 January 2025, 31 December 2025 and 1 January 2026	3,429
Additions	221
At 30 June 2026	3,650

APPENDIX I

ACCOUNTANTS’ REPORT

	Software
	<i>RMB'000</i>
<u>ACCUMULATED AMORTISATION</u>	
At 1 January 2023	1,248
Amortisation for the year	743
At 31 December 2023 and 1 January 2024	1,991
Amortisation for the year	979
At 31 December 2024 and 1 January 2025	2,970
Amortisation for the year	305
At 31 December 2025 and 1 January 2026	3,275
Amortisation for the period	155
At 30 June 2026	3,430
<u>CARRYING AMOUNT</u>	
At 31 December 2023	1,432
At 31 December 2024	459
At 31 December 2025	154
At 30 June 2026	220

19. INTERESTS IN AN ASSOCIATE

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of investment, unlisted	—	—	299,996	297,000
Share of results	—	—	4,895	10,928
	—	—	304,891	307,928
	=	=	=	=

The Company acquired equity interests in Guangdong Kingly Gear Co., Ltd. (“Kingly Gear”) in 2025. It was admitted to trading on the National Equities Exchange and Quotations on 22 December 2025. As at 31 December 2025, the Company held approximately 15% of its issued shares. Pursuant to the Investment Agreement, the Group has appointed a director (total five directors) to Kingly Gear to exercise significant influence over the operation and management of Kingly Gear.

Particulars of the Group’s associate are as follows:

Name	Place of incorporation and operation	Registered share capital	Effective ownership interest				Principal activities
			As at 31 December			As at 30 June	
			2023	2024	2025	2026	
Guangdong Kingly Gear Co., Ltd. 廣東金力智能傳動技術股份有限公司 (“Kingly Gear”)	The PRC	RMB73.98 million	N/A	N/A	15%	15%	Research and development, manufacturing and sales of intelligent control systems and intelligent drive systems

APPENDIX I

ACCOUNTANTS’ REPORT

Kingly Gear is considered a material associate of the Group. The following table illustrates the summarised financial information of Kingly Gear adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	N/A	N/A	644,989	852,756
Non-current assets	N/A	N/A	238,960	237,743
Current liabilities	N/A	N/A	(322,216)	(508,074)
Non-current liabilities	N/A	N/A	(166)	(14)
Net assets	N/A	N/A	561,567	582,411
Revenue	N/A	N/A	796,469	477,795
Profit for the year/period	N/A	N/A	77,688	40,223
Dividends received from associate	N/A	N/A	N/A	2,996

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	—	—	—	304,891
Addition	—	—	299,996	—
Decrease	—	—	—	(2,996)
Share of results, net	—	—	4,895	6,033
At the end of the year/period	—	—	304,891	307,928

20. DEFERRED TAX ASSETS/LIABILITIES

The Group

The movements in deferred tax assets during the Track Record Period are as follows:

	Provision for impairments on inventories	Unrealised profits arising from intragroup transactions	Losses available for offsetting against future taxable profits	Provision for receivables	Government grants (note)	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,419	1,736	171	2,017	2,471	25	7,839
Deferred tax credited/(charged) to profit or loss during the year	389	(358)	(159)	2	440	(25)	289
Gross deferred tax assets at 31 December 2023	1,808	1,378	12	2,019	2,911	—	8,128
At 1 January 2024	1,808	1,378	12	2,019	2,911	—	8,128
Deferred tax credited/(charged) to profit or loss during the year	2,566	1,339	(12)	515	2,044	—	6,452
Gross deferred tax assets at 31 December 2024	4,374	2,717	—	2,534	4,955	—	14,580
At 1 January 2025	4,374	2,717	—	2,534	4,955	—	14,580

APPENDIX I

ACCOUNTANTS’ REPORT

	Provision for impairments on inventories	Unrealised profits arising from intragroup transactions	Losses available for offsetting against future taxable profits	Provision for receivables	Government grants (note)	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax credited/(charged) to profit or loss during the year . . .	32	30	6	654	(528)	4,853	5,047
Acquisition of subsidiaries (note 44)	884	154	18	291	287	—	1,634
Gross deferred tax assets at 31 December 2025	<u>5,290</u>	<u>2,901</u>	<u>24</u>	<u>3,479</u>	<u>4,714</u>	<u>4,853</u>	<u>21,261</u>
At 1 January 2026 . .	5,290	2,901	24	3,479	4,714	4,853	21,261
Deferred tax credited/(charged) to profit or loss during the period . .	1,246	1,070	(19)	496	483	(278)	2,998
Exchange difference .	—	(6)	—	—	—	—	(6)
Gross deferred tax assets at 30 June 2026	<u>6,536</u>	<u>3,965</u>	<u>5</u>	<u>3,975</u>	<u>5,197</u>	<u>4,575</u>	<u>24,253</u>

Note: The government grants related to assets received by the Company do not meet the conditions for non-taxable income, therefore, the Company paid income tax on these grants in the period of receipt, giving rise to a deductible temporary difference for which a deferred tax asset has been recognised.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group had unused tax losses of nil, RMB57,000 and RMB10,257,000 and RMB12,528,000, respectively, available to offset against future profits, and had not been recognised as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, due to the unpredictability of future profit streams.

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Right-of-use assets	Appreciation of asset value from business combinations not under common control	Common control business combination assets	Changes in fair value	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	—	12	—	12
Deferred tax credited to profit or loss during the year	—	—	(6)	—	(6)
Gross deferred tax liabilities at 31 December 2023	<u>—</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>6</u>
At 1 January 2024	—	—	6	—	6
Deferred tax (credited)/charged to profit or loss during the year	—	—	(6)	29	23
Gross deferred tax liabilities at 31 December 2024	<u>—</u>	<u>—</u>	<u>—</u>	<u>29</u>	<u>29</u>
At 1 January 2025	—	—	—	29	29
Deferred tax charged/(credited) to profit or loss during the year	4,608	(614)	—	28	4,022

APPENDIX I

ACCOUNTANTS’ REPORT

	Right-of-use assets	Appreciation of asset value from business combinations not under common control	Common control business combination assets	Changes in fair value	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Acquisition of subsidiaries (note 44)	—	3,355	—	—	3,355
Gross deferred tax liabilities at 31 December 2025	4,608	2,741	—	57	7,406
At 1 January 2026	4,608	2,741	—	57	7,406
Deferred tax charged/(credited) to profit or loss during the period	(432)	(763)	—	17	(1,178)
Gross deferred tax liabilities at 30 June 2026	4,176	1,978	—	74	6,228

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	8,128	14,580	16,596	20,003
Net deferred tax liabilities recognised in the consolidated statement of financial position . . .	6	29	2,741	1,978

The Company

The movements in deferred tax assets during the Track Record Period are as follows:

	Provision for receivables	Government grants	Provision for impairments on assets	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,869	520	1,523	—	3,912
Deferred tax (charged)/credited to profit or loss during the year . .	(28)	322	313	—	607
Gross deferred tax assets at 31 December 2023	1,841	842	1,836	—	4,519
At 1 January 2024	1,841	842	1,836	—	4,519
Deferred tax credited to profit or loss during the year	340	658	3,120	—	4,118
Gross deferred tax assets at 31 December 2024	2,181	1,500	4,956	—	8,637
At 1 January 2025	2,181	1,500	4,956	—	8,637
Deferred tax credited/(charged) to profit or loss during the year . .	363	(193)	(603)	1,139	706

APPENDIX I

ACCOUNTANTS’ REPORT

	Provision for receivables	Government grants	Provision for impairments on assets	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 31 December 2025	<u>2,544</u>	<u>1,307</u>	<u>4,353</u>	<u>1,139</u>	<u>9,343</u>
At 1 January 2026	2,544	1,307	4,353	1,139	9,343
Deferred tax credited/(charged) to profit or loss during the period	<u>203</u>	<u>(96)</u>	<u>1,115</u>	<u>(87)</u>	<u>1,135</u>
Gross deferred tax assets at 30 June 2026	<u>2,747</u>	<u>1,211</u>	<u>5,468</u>	<u>1,052</u>	<u>10,478</u>

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Right-of-use assets	Common control business combination assets	Changes in fair value	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	13	–	13
Deferred tax credited to profit or loss during the year	<u>–</u>	<u>(7)</u>	<u>–</u>	<u>(7)</u>
Gross deferred tax liabilities at 31 December 2023	<u>–</u>	<u>6</u>	<u>–</u>	<u>6</u>
At 1 January 2024	–	6	–	6
Deferred tax (credited)/charged to profit or loss during the year . . .	<u>–</u>	<u>(6)</u>	<u>29</u>	<u>23</u>
Gross deferred tax liabilities at 31 December 2024	<u>–</u>	<u>–</u>	<u>29</u>	<u>29</u>
At 1 January 2025	–	–	29	29
Deferred tax charged to profit or loss during the year	<u>1,189</u>	<u>–</u>	<u>27</u>	<u>1,216</u>
Gross deferred tax liabilities at 31 December 2025	<u>1,189</u>	<u>–</u>	<u>56</u>	<u>1,245</u>
At 1 January 2026	1,189	–	56	1,245
Deferred tax charged to profit or loss during the period	<u>(84)</u>	<u>–</u>	<u>18</u>	<u>(66)</u>
Gross deferred tax liabilities at 30 June 2026	<u>1,105</u>	<u>–</u>	<u>74</u>	<u>1,179</u>

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<u>4,519</u>	<u>8,637</u>	<u>8,098</u>	<u>9,299</u>
Net deferred liabilities recognised in the consolidated statement of financial position	<u>6</u>	<u>29</u>	<u>–</u>	<u>–</u>

APPENDIX I

ACCOUNTANTS’ REPORT

21. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for acquisition of property, plant and equipment . . .	4,136	5,406	68,655	58,184
Large certificates of bank deposits .	–	200,000	208,918	211,684
Advance payment for equity investment*	–	–	–	30,000
Financial assets at fair value through profit or loss (expected holding period over one year)	–	–	–	5,000
Others	4,544	9,626	12,548	15,034
Total	<u>8,680</u>	<u>215,032</u>	<u>290,121</u>	<u>319,902</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for acquisition of property, plant and equipment . . .	2,229	2,080	3,571	5,234
Large certificates of bank deposits .	–	200,000	208,918	211,684
Advance payment for equity investment*	–	–	–	30,000
Financial assets at fair value through profit or loss (expected holding period over one year)	–	–	–	5,000
Others	3,470	7,935	10,146	12,213
Total	<u>5,699</u>	<u>210,015</u>	<u>222,635</u>	<u>264,131</u>

* On 29 June 2026, the Company entered into an investment agreement, pursuant to which the Company acquired a 10.0358% equity interest in the target company via equity transfer at a total consideration of RMB85.3 million. As at 30 June 2026, the Company had prepaid an investment sum of RMB30.0 million in respect of the aforesaid equity transfer. The industrial and commercial registration for the change of equity ownership was completed on 15 July 2026.

22. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	64,209	90,778	125,161	141,837
Work in progress	1,995	6,970	26,784	30,716
Finished goods	106,504	161,017	228,385	276,855
Goods in transit	10,299	21,501	28,230	32,310
	<u>183,007</u>	<u>280,266</u>	<u>408,560</u>	<u>481,718</u>
Less: provision for impairment	<u>(12,055)</u>	<u>(29,156)</u>	<u>(30,186)</u>	<u>(38,761)</u>
Total	<u>170,952</u>	<u>251,110</u>	<u>378,374</u>	<u>442,957</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The details of inventories that are kept in customers’ warehouse at the end of each Track Record Period are as follows:

	As at 31 December						As at 30 June	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Consignment inventory-finished goods	8,011	4.7%	9,750	3.9%	15,529	4.1%	10,071	2.3%

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	20,093	32,201	35,813	46,121
Work in progress	1,352	6,970	13,942	14,121
Finished goods	106,770	162,205	188,091	235,321
Goods in transit	10,653	21,501	29,748	33,621
	138,868	222,877	267,594	329,184
Less: provision for impairment	(12,242)	(33,039)	(28,944)	(36,419)
Total	126,626	189,838	238,650	292,765

23. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	238,988	290,050	382,598	415,640
Notes receivables	932	3,686	2,057	1,661
	239,920	293,736	384,655	417,301
Less: provision for impairment	(13,043)	(16,402)	(20,338)	(22,615)
Net carrying amount	226,877	277,334	364,317	394,686

The credit period is generally 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Track Record Period, based on the transaction date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	234,738	283,779	373,036	404,886
1 to 2 years	2,526	4,519	5,246	4,196
2 to 3 years	1,061	279	1,864	3,760
over 3 years	663	1,473	2,452	2,798
Total	238,988	290,050	382,598	415,640

APPENDIX I

ACCOUNTANTS’ REPORT

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12,924	12,996	16,198	20,235
Impairment losses, net	231	3,193	4,083	2,319
Exchange difference	1	9	(46)	(22)
Amount written off as uncollectible	(160)	—	—	—
At end of year/period	<u>12,996</u>	<u>16,198</u>	<u>20,235</u>	<u>22,532</u>

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	191	47	204	103
(Reversal of impairment losses)/impairment losses, net	(144)	157	(101)	(20)
At end of year/period	<u>47</u>	<u>204</u>	<u>103</u>	<u>83</u>

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

The Group has applied the same expected credit loss (“ECL”) rates for trade receivables throughout the Track Record Period. This treatment is explained and justified as follows. First, the credit risk profile of the receivables portfolio remained stable during the period: there were no material changes in customer industry concentration, geographic distribution or credit quality; no significant shifts in payment terms, collateral arrangements or collection performance; historical loss experience was consistent without observable deterioration in the underlying credit risk of accounts receivable. Second, the macroeconomic conditions, industry outlook and regulatory environment affecting the Group’s customers were stable and unchanged across the period. Third, the Group’s approach aligns with industry practice and prudent policy. Fourth, the Group’s ECL rates are set at a level higher than the industry average to maintain prudence.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2023					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	32.00%	100.00%	5.44%
Gross carrying amount (RMB'000)	234,738	2,526	1,061	663	238,988
Expected credit losses (RMB'000)	11,737	252	344	663	12,996

APPENDIX I

ACCOUNTANTS’ REPORT

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2024					
On a collective basis:					
Expected credit loss rate . .	5.00%	10.00%	30.00%	100.00%	5.58%
Gross carrying amount (RMB’000)	283,779	4,519	279	1,473	290,050
Expected credit losses (RMB’000)	14,189	452	84	1,473	16,198

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2025					
On a collective basis:					
Expected credit loss rate . .	4.45%	10.00%	30.00%	100.00%	5.29%
Gross carrying amount (RMB’000)	373,036	5,239	1,721	2,602	382,598
Expected credit losses (RMB’000)	16,593	524	516	2,602	20,235

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 30 June 2026					
On a collective basis:					
Expected credit loss rate . .	4.49%	10.00%	30.00%	100.00%	5.42%
Gross carrying amount (RMB’000)	404,886	4,196	3,760	2,798	415,640
Expected credit losses (RMB’000)	18,187	419	1,128	2,798	22,532

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Carrying amount of transferred assets	530	587	1,769	1,533
Carrying amount of associated liabilities	(530)	(587)	(1,769)	(1,533)
Net position	—	—	—	—

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	230,926	269,143	320,197	331,623
Notes receivables	933	3,585	1,504	717
Amounts due from subsidiaries* . . .	18,198	155,309	55,619	96,734
	250,057	428,037	377,320	429,074
Less: provision for impairment . . .	(12,082)	(14,200)	(16,843)	(18,136)
Net carrying amount	237,975	413,837	360,477	410,938

* The amounts due are unsecured, non-interest bearing and repayable within 60 days.

APPENDIX I

ACCOUNTANTS’ REPORT

The credit period is generally 60 to 90 days. Each customer has a maximum credit limit. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Track Record Period, based on the transaction date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	227,386	265,705	316,144	325,677
1 to 2 years	2,880	2,974	2,828	2,935
2 to 3 years	404	64	782	2,125
over 3 years	256	400	443	886
Total	<u>230,926</u>	<u>269,143</u>	<u>320,197</u>	<u>331,623</u>

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12,039	12,035	14,002	16,768
Impairment losses, net	156	1,967	2,766	1,332
Amount written off as uncollectible	(160)	—	—	—
At end of year/period	<u>12,035</u>	<u>14,002</u>	<u>16,768</u>	<u>18,100</u>

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	161	47	198	75
(Reversal of impairment losses)/impairment losses, net	(114)	151	(123)	(39)
At end of year/period	<u>47</u>	<u>198</u>	<u>75</u>	<u>36</u>

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2023					
On a collective basis:					
Expected credit loss rate	5.00%	10.00%	30.00%	100.00%	5.21%
Gross carrying amount (RMB'000)	227,386	2,880	404	256	230,926
Expected credit losses (RMB'000)	11,370	288	121	256	12,035

APPENDIX I

ACCOUNTANTS’ REPORT

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2024					
On a collective basis:					
Expected credit loss rate . . .	5.00%	10.00%	30.00%	100.00%	5.20%
Gross carrying amount					
(RMB’000)	265,705	2,974	64	400	269,143
Expected credit losses					
(RMB’000)	13,286	297	19	400	14,002
	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 31 December 2025					
On a collective basis:					
Expected credit loss rate . . .	5.00%	10.00%	30.00%	100.00%	5.24%
Gross carrying amount					
(RMB’000)	316,144	2,828	782	443	320,197
Expected credit losses					
(RMB’000)	15,808	283	234	443	16,768
	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
As at 30 June 2026					
On a collective basis:					
Expected credit loss rate . . .	5.00%	10.00%	30.00%	100.00%	5.46%
Gross carrying amount					
(RMB’000)	325,677	2,935	2,125	886	331,623
Expected credit losses					
(RMB’000)	16,283	294	637	886	18,100

24. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Prepayments	3,643	3,107	5,260	5,895
Deposits and other receivables	4,222	4,319	4,412	5,221
Large certificates of bank deposits . .	–	50,000	7,906	144,740
Deductible input value-added tax				
(“VAT”)	1,941	16,379	28,154	33,614
Capitalisation of [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid corporate income tax			25	55
	9,806	73,805	54,600	210,206
Less: provision for impairment	(419)	(636)	(1,753)	(2,407)
Total	9,387	73,169	52,847	207,799

An impairment analysis was performed at the end of each of the Track Record Period. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of year/period	305	419	636	1,753
Impairment losses, net	115	221	1,139	705
Exchange difference	(1)	(4)	(22)	(51)
At end of year/period	419	636	1,753	2,407

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	1,587	2,361	113,763	35,866
Amounts due from subsidiaries* . . .	65,869	72,936	50,671	224
Large certificates of bank deposits . .	–	50,000	7,906	144,740
Deposits and other receivables	468	2,170	822	805
Capitalisation of [REDACTED] . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deductible input value-added tax (“VAT”)	537	2,660	–	–
	68,461	130,127	182,005	202,316
Less: provision for impairment	(194)	(337)	(194)	(216)
Total	68,267	129,790	181,811	202,100

* The amounts due are unsecured, non-interest bearing and have no fixed repayment terms.

An impairment analysis was performed at the end of each of the Track Record Period. The Company has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Company considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	262	194	337	194
(Reversal of impairment losses)/impairment losses, net . . .	(68)	143	(143)	22
At end of year/period	194	337	194	216

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Commercial bank’s structure deposits	–	220,191	434,981	378,825

As at 31 December 2024, all financial assets at fair value through profit or loss consisted of structure deposits. These included a principal amount of RMB220,000,000 and a gain from changes in fair value of RMB190,604. Among them, RMB170,000,000 represents a “Yuntong Wealth Fixed-Term Type” capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaying Nanhui Sub-branch of Bank of Communications, with a maturity date of 26 February 2025. The remaining RMB50,000,000 represents a “Yuntong Wealth Fixed-Term Type” capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaying Branch of Bank of Communications on 20 December 2024, with a maturity date of 19 December 2025.

As at 31 December 2025, all financial assets at fair value through profit or loss consisted of structure deposits. These included a principal amount of RMB434,600,000 and a gain from changes in fair value of RMB381,438. Among them, RMB320,000,000 represents a “Yuntong Wealth Fixed-Term Type” capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaying Nanhui Sub-branch of Bank of Communications, with a maturity date of 26 February 2026. RMB 40,000,000 represents a “Yuntong Wealth Fixed-Term Type”

APPENDIX I

ACCOUNTANTS’ REPORT

capital-guaranteed floating-income structured deposit purchased by a subsidiary from the Shanghai Songjiang Sub-branch of Bank of Communications, with a maturity date of 12 January 2026. The remaining RMB74,600,000 represents a “Tianlibao” structured deposit purchased by the Company from the Jiaxing Branch of Hangzhou Bank, with a maturity date of 22 March 2026.

As at 30 June 2026, all financial assets at fair value through profit or loss consisted of structure deposits. These included a principal amount of RMB378,000,000 and a gain from changes in fair value of RMB824,561. Among them, RMB295,000,000 represents a “Yuntong Wealth Fixed-Term Type” capital-guaranteed floating-income structured deposit purchased by the Company from the Jiaxing Nanhu Sub-branch of Bank of Communications, with a maturity date of 2 September 2026. RMB33,000,000 represents a “Yuntong Wealth Fixed-Term Type” capital-guaranteed floating-income structured deposit purchased by a subsidiary from the Shanghai Songjiang Sub-branch of Bank of Communications, with a maturity date of 27 July 2026. The remaining RMB50,000,000 represents a “Tianlibao” structured deposit purchased by the Company from the Jiaxing Branch of Hangzhou Bank, with a maturity date of 3 July 2026.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Commercial bank’s financing products	–	220,191	394,976	345,821
	=	=	=	=

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptances issued by banks with high credit ratings, carried at fair value through other comprehensive income (“FVTOCI”)	23,255	15,402	46,232	31,361
	=	=	=	=

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Derecognised notes receivables that the Group has endorsed or discounted but not yet matured as at the balance sheet date	127,506	167,460	217,293	273,125
	=	=	=	=

The above notes receivable are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these notes receivable. Hence, these notes receivables are classified as financial assets measured at FVTOCI.

The Group’s receivables financing are mainly short-term note receivables with remaining contractual maturities of within one year. Among them, bank acceptances issued by banks with high credit ratings have high liquidity and can be discounted or endorsed at any time to meet the Group’s short-term fund needs. The Group manages liquidity risk through bill discounting, factoring and other financing arrangements.

For bank acceptances issued by banks with high credit ratings, their fair values are close to their face values due to their low credit risk and short remaining maturities. As at each reporting date, the carrying amounts of receivables financing approximate their fair values. No fair value change during the track record period.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptances issued by banks with high credit rating, carried at FVTOCI	20,049	12,596	37,513	26,363

Transferred financial assets that are derecognised in their entirety

The Group discounted certain bank acceptance notes with aggregate amounts of RMB23,836,000, RMB403,000, RMB40,964,000 and RMB128,227,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, to certain banks in Chinese mainland. In accordance with the Law of Negotiable Instruments in PRC, the holders of the aforementioned bills may exercise the right of recourse against any, several or all of the persons liable for the aforementioned bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the banks holding those derecognised bill is remote. The Group has transferred substantially all risks and rewards relating to the derecognised notes in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the derecognised notes. The maximum exposure to loss from the Group’s Continuing Involvement in the derecognised notes and the undiscounted cash flows to repurchase these derecognised notes is equal to their carrying amounts. In the opinion of the directors, the fair value of the Group’s Continuing Involvement in the derecognised notes are not significant. No gain or loss has been recognised on the date of transfer of the derecognised notes receivables and from the continuing involvement.

The Group endorsed certain bills receivables accepted by banks in Chinese mainland (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with aggregate amounts of RMB103,670,000, RMB167,057,000, RMB176,329,000 and RMB144,898,000 as at 31 December 2023, 2024, 2025 and 30 June 2026. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence. In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair value to the Group’s Continuing Involvement in the Derecognised Bills are not significant. No gain or loss has been recognised on the date of transfer of the derecognised notes receivables and from the continuing involvement.

27. BANK AND CASH BALANCES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank and cash equivalents	1,022,671	583,826	474,103	367,538
Less: restricted cash*	—	—	(283)	—
Cash and cash equivalents	1,022,671	583,826	473,820	367,538

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Bank and cash balances</u>				
Denominated in RMB	1,018,064	492,245	226,957	199,628
Denominated in United States dollar (“USD”)	4,114	90,739	241,189	160,813
Denominated in Vietnamese Dong (“VND”)	493	269	394	33
Denominated in Euro (“EUR”)	–	572	288	5,867
Denominated in Mexican Peso (“MXN”)	–	1	40	1
Denominated in Thai Baht (“THB”) .	–	–	5,013	1,196
Denominated in Japanese Yen (“JPY”)			222	–
	<u>1,022,671</u>	<u>583,826</u>	<u>474,103</u>	<u>367,538</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank and cash balances	<u>1,004,689</u>	<u>526,254</u>	<u>379,131</u>	<u>271,935</u>

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Bank and cash balances</u>				
Denominated in RMB	1,003,381	438,503	336,904	164,945
Denominated in United States dollar (“USD”)	1,308	87,179	26,908	101,123
Denominated in Euro (“EUR”)	–	572	15,319	5,867
	<u>1,004,689</u>	<u>526,254</u>	<u>379,131</u>	<u>271,935</u>

*: The amount represented the cash margin deposited for the issuance of bank acceptances.

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

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group and the Company have assessed the credit risk of bank and cash balances to be minimal as they were placed in reputable financial institutions.

28. TRADE AND NOTES PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	156,834	245,756	282,422	382,954
Notes payables	26,581	25,496	34,702	66,737
	<u>183,415</u>	<u>271,252</u>	<u>317,124</u>	<u>449,691</u>

APPENDIX I

ACCOUNTANTS’ REPORT

An ageing analysis of the trade and notes payables as at the end of the Track Record Period, based on recognition date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	168,566	250,397	296,920	429,531
1 to 2 years	14,542	6,481	2,307	1,374
2 to 3 years	247	14,236	4,429	1,218
Over 3 years	60	138	13,468	17,568
Total	<u>183,415</u>	<u>271,252</u>	<u>317,124</u>	<u>449,691</u>

The trade payables are non-interest-bearing and are normally settled in 90 days upon receipt of the VAT invoice.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group’s certain notes payables were secured by the buildings of approximately RMB46,491,000, RMB43,595,000 and leasehold land of approximately RMB13,868,000, RMB13,544,000, respectively.

As at 31 December 2025 and 30 June 2026, no assets were secured for the Group’s certain notes payables.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	114,463	175,135	207,849	272,514
Notes payables	26,581	25,397	35,862	70,965
Amounts due to subsidiaries*	6,065	63,956	11,051	10,056
	<u>147,109</u>	<u>264,488</u>	<u>254,762</u>	<u>353,535</u>

* The amounts due are unsecured, non-interest bearing and repayable within 90 days.

An ageing analysis of the trade and notes payables and amounts due to subsidiaries as at the end of the Track Record Period, based on recognition date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	132,762	246,099	235,675	334,990
1 to 2 years	14,076	4,920	1,479	791
2 to 3 years	215	13,385	4,378	754
Over 3 years	56	84	13,230	17,000
Total	<u>147,109</u>	<u>264,488</u>	<u>254,762</u>	<u>353,535</u>

APPENDIX I

ACCOUNTANTS’ REPORT

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities measured at amortised cost				
Interest payables	18	–	293	610
Liability for share repurchase under employee share scheme	–	–	55,140	54,951
	18	–	55,433	55,561
Other payables	5,407	630	6,628	9,981
Less: other payables due after one year	–	–	(151)	(128)
	5,425	630	61,910	65,414
Financial liabilities measured at fair value through profit or loss				
Contingent consideration payables for acquisition (note)	–	–	36,212	24,142
Payroll and welfare payable	19,707	23,448	33,126	26,347
Other tax payables	6,477	4,501	8,290	15,724
	31,609	28,579	139,538	131,627

Note: The contingent consideration payables for acquisition represents the remaining consideration of RMB36,212,000 for acquisition of Dizi Precision to be paid in three tranches. In April 2026, the Group paid the first instalment of cash consideration of RMB12,070,000, as Dizi Precision achieved the performance target for the year ended 31 December 2025.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities measured at amortised cost				
Interest payables	18	–	232	424
Liability for share repurchase under share option scheme	–	–	55,140	54,951
Other payables	403	539	559	1,393
Amounts due to subsidiaries*	8,850	8,350	8,350	8,350
Financial liabilities measured at fair value through profit or loss				
Contingent consideration payables for acquisition	–	–	36,212	24,142
Payroll and welfare payable	13,024	16,156	18,482	12,518
Other tax payables	5,318	3,639	4,764	9,707
	27,613	28,684	123,739	111,485

* The amounts due are unsecured, non-interest bearing and have no fixed repayment terms.

Other payables are non-interest-bearing, unsecured and have no fixed terms of settlement.

APPENDIX I

ACCOUNTANTS’ REPORT

30. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December			As at 30 June
	2023	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities – mica-based composite materials	4,305	10,098	18,120	45,603	49,260
Contract liabilities – key precision structural components	–	–	–	1,141	1,737
	<u>4,305</u>	<u>10,098</u>	<u>18,120</u>	<u>46,744</u>	<u>50,997</u>

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits received in advance				
At beginning of the year/period . . .	4,305	10,098	18,120	46,744
Revenue recognised that was included in contract liabilities at beginning of the year/period	(4,232)	(5,527)	(18,083)	(36,232)
Acquisition of subsidiaries (<i>note 44</i>)	–	–	1,540	–
Cash received, excluding amounts recognised as revenue during the year/period	<u>10,025</u>	<u>13,549</u>	<u>45,167</u>	<u>40,485</u>
At the end of year/period	<u>10,098</u>	<u>18,120</u>	<u>46,744</u>	<u>50,997</u>

The Company

	As at 1 January	As at 31 December			As at 30 June
	2023	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities					
– third parties	4,282	10,094	18,120	38,479	60,419
– subsidiaries	–	–	–	51,164	–
	<u>4,282</u>	<u>10,094</u>	<u>18,120</u>	<u>89,643</u>	<u>60,419</u>

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits received in advance				
At beginning of the year/period . . .	4,282	10,094	18,120	89,643
Revenue recognised that was included in contract liabilities at beginning of the year/period	(4,210)	(5,527)	(18,083)	(82,328)
Cash received, excluding amounts recognised as revenue during the year/period	<u>10,022</u>	<u>13,553</u>	<u>89,606</u>	<u>53,104</u>
At the end of year/period	<u>10,094</u>	<u>18,120</u>	<u>89,643</u>	<u>60,419</u>

APPENDIX I

ACCOUNTANTS’ REPORT

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings – unsecured	19,800	–	445,000	434,724
Bank borrowings – pledged	–	–	7,028	6,979
Discounted bills – unsecured	–	–	82,170	90,689
	<u>19,800</u>	<u>–</u>	<u>534,198</u>	<u>532,392</u>
<i>Analysis of effective interest rate</i>				
Loan interest at rate per annum in the range of	<u>2.60%</u>	<u>N/A</u>	<u>2.11% – 4.00%</u>	<u>2.14% – 4.00%</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings – unsecured	19,800	–	415,000	404,892
Discounted bills – unsecured	–	–	82,170	90,689
	<u>19,800</u>	<u>–</u>	<u>497,170</u>	<u>495,581</u>
<i>Analysis of effective interest rate</i>				
Loan interest at rate per annum in the range of	<u>2.60%</u>	<u>N/A</u>	<u>2.11% – 4.00%</u>	<u>2.14% – 4.00%</u>

The carrying amounts of the Group’s and the Company’s current interest-bearing bank borrowing approximate to their fair value. The discounted bills are the bank borrowings arising from discounted notes payable.

As at 31 December 2023, RMB19,800,000 of bank borrowings were guaranteed by the subsidiary of the Company.

As at 31 December 2025, USD1,000,000 (equivalent to RMB7,028,000) of bank borrowings were pledged by the large certificates of bank deposits of RMB7,906,000

As at 30 June 2026, USD10,000,000 (equivalent to RMB6,979,000) of bank borrowings were pledged the large certificates of bank deposits of RMB7,795,000.

32. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	<u>19,406</u>	<u>33,036</u>	<u>31,427</u>	<u>34,646</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Movements in government grants of the Group during the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	16,474	19,406	33,036	31,427
Government grants received	3,840	15,010	550	4,450
Recognised to profit or loss	(908)	(1,380)	(2,159)	(1,231)
At the end of year/period	<u>19,406</u>	<u>33,036</u>	<u>31,427</u>	<u>34,646</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	<u>5,612</u>	<u>10,001</u>	<u>8,714</u>	<u>8,071</u>

Movements in government grants of the Group during the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	3,465	5,612	10,001	8,714
Government grants received	2,600	5,066	–	–
Recognised to profit or loss	(453)	(677)	(1,287)	(643)
At the end of year/period	<u>5,612</u>	<u>10,001</u>	<u>8,714</u>	<u>8,071</u>

The Group and the Company received government grants for capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

33. SHARE CAPITAL

A summary of movements in the Company’s share capital during the Track Record Period is as follows:

	Number of shares	Nominal value of shares
		RMB'000
At 1 January 2023	210,000,000	210,000
Issue of ordinary shares (ordinary shares of RMB1.00 each) (note (a))	<u>70,000,000</u>	<u>70,000</u>
As at 31 December 2023 and 1 January 2024	280,000,000	280,000
Transfer from capital reserve (note (b))	<u>83,742,150</u>	<u>83,742</u>
As at 31 December 2024, 1 January 2025 and 31 December 2025, 1 January 2026	363,742,150	363,742
Transfer from capital reserve (note (c))	<u>109,117,818</u>	<u>109,118</u>
	<u>472,859,968</u>	<u>472,860</u>

Notes:

- (a) On 1 August 2023, with the approval of the China Securities Regulatory Commission, the Company publicly issued 70,000,000 ordinary shares with a par value of RMB1 per share. The issuance price was set at RMB15.32 per share, resulting in total proceeds of RMB1,072,400,000. After deducting the listing expenses of RMB102,345,404, the net proceeds amounted to RMB970,054,596. Of this amount, RMB70,000,000 was allocated to share capital, and the remaining RMB900,054,596 was allocated to capital reserve.

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) On 17 May 2024, the Company’s 2023 Annual General Meeting reviewed and approved the proposal on the 2023 profit distribution and capitalisation of capital reserve plan. It was resolved that the Company will distribute a cash dividend of RMB1.4 per 10 shares (inclusive of tax) to all shareholders and convert capital reserve into 3 additional shares for every 10 shares. As of 23 April 2024, the Company’s total number of shares was 280,000,000. After deducting 859,500 repurchased shares, the total cash dividend to be distributed amounts to RMB39,079,670 (inclusive of tax), and the number of shares to be converted from capital reserve is 83,742,150. Following this capitalisation of capital reserve, the Company’s total share capital will increase to 363,742,150 shares.
- (c) On 21 April 2026, the Company’s 2025 Annual General Meeting reviewed and approved the proposal on the 2025 profit distribution and capitalisation of capital reserve plan. It was resolved that the Company will distribute a cash dividend of RMB2.3 per 10 shares (inclusive of tax) to all shareholders and convert capital reserve into 3 additional shares for every 10 shares. As of 14 May 2026, the Company’s total number of shares was 363,742,150. After deducting 16,090 repurchased shares held in the treasury share repurchase account, the total cash dividend to be distributed amounts to RMB83,656,994 (inclusive of tax), and the number of shares to be converted from capital reserve is 109,117,818. Following this capitalisation of capital reserve, the Company’s total share capital will increase to 472,859,968 shares.

34. RESERVES

The amounts of the Group’s retained earnings and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

The capital reserve represents capital contribution of the Group. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Exchange Reserve

The exchange reserve represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency of the Group.

(c) Statutory surplus reserve

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

(d) Treasury shares

At the 23rd meeting of the first board of directors held by the Company on 21 February 2024, the “Proposal on the Share Repurchase Plan via Centralised Bidding” was reviewed and approved. The Company agreed to use its own funds to repurchase its issued A-shares through centralised bidding transactions for equity incentive plans or employee stock ownership plans. During the year ended 31 December 2024, the Company had cumulatively repurchased 936,590 shares through the trading system of the Shanghai Stock Exchange via centralised bidding, with a total payment of approximately RMB22,520,000 (including transaction costs such as stamp duty and trading commissions). The above matters resulted in an increase of approximately RMB22,520,000 in treasury shares. During the year ended 31 December 2025, the Company has cumulatively repurchased 75,700 shares, accounting for 0.02% of the Company’s total shares, through the trading system of the Shanghai Stock Exchange via centralised bidding, with a total payment of approximately RMB2,515,000 (including transaction costs such as stamp duty and trading commissions). The above matters resulted in an increase of approximately RMB2,515,000 in treasury shares.

During the period ended 30 June 2026, 4,420 restricted shares under the employee share-based plan were repurchased, leading to an increase in treasury shares of RMB84,085; meanwhile, the repurchase obligation for restricted shares in respect of resigned employees under the employee share-based plan was reversed, resulting in a decrease in treasury shares of RMB188,190.

APPENDIX I

ACCOUNTANTS’ REPORT

A summary of movements in the Company’s treasury shares is as follow:

	Number of shares			Treasury shares
	Held in repurchase account	2025 share option scheme	Total	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–	–
Repurchase of shares	936,590	–	936,590	22,520
At 31 December 2024 and 1 January 2025	936,590	–	936,590	22,520
Repurchase of shares	75,700	–	75,700	2,515
Transfer to 2025 share option scheme	(996,200)	–	(996,200)	(24,637)
Restricted shares in 2025 share option scheme	–	996,200	996,200	55,140
At 31 December 2025 and 1 January 2026	16,090	996,200	1,012,290	55,538
Capital reserve capitalisation	–	298,860	298,860	–
Repurchase of Restricted shares in 2025 share option scheme	–	4,420	4,420	84
Decrease of repurchase obligation	–	(4,420)	(4,420)	(188)
At 30 June 2026	16,090	1,295,060	1,311,150	55,434

(e) Reserve movements of the Company

Year ended 31 December 2023

	Capital reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	105,837	20,387	183,485	309,709
Profit and total comprehensive income for the year	–	–	151,703	151,703
Capital injection (note 33)	900,055	–	–	900,055
Transfer to statutory surplus reserve	–	15,170	(15,170)	–
Share-based payments for employees	1,086	–	–	1,086
Dividend declared (note 13)	–	–	(14,000)	(14,000)
At 31 December 2023	1,006,978	35,557	306,018	1,348,553

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Capital reserve	Treasury shares	Statutory surplus reserve	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	1,006,978	—	35,557	306,018	1,348,553
Profit and total comprehensive income for the year	—	—	—	205,333	205,333
Share-based payments for employees	1,086	—	—	—	1,086
Transfer to statutory surplus reserve	—	—	20,533	(20,533)	—
Transfer to share capital (note 33)	(83,742)	—	—	—	(83,742)
Repurchase of shares (note 34(d))	—	(22,520)	—	—	(22,520)
Dividend declared (note 13)	—	—	—	(39,080)	(39,080)
At 31 December 2024 . . .	<u>924,322</u>	<u>(22,520)</u>	<u>56,090</u>	<u>451,738</u>	<u>1,409,630</u>

Year ended 31 December 2025

	Capital reserve	Treasury shares	Statutory surplus reserve	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	924,322	(22,520)	56,090	451,738	1,409,630
Profit and total comprehensive income for the year	—	—	—	239,319	239,319
Share-based payments for employees	3,568	—	—	—	3,568
Transfer to statutory surplus reserve	—	—	23,932	(23,932)	—
Transfer from treasury share	30,503	(30,503)	—	—	—
Repurchase of shares (note 34(d))	—	(2,515)	—	—	(2,515)
Dividend declared (note 13)	—	—	—	(70,732)	(70,732)
At 31 December 2025 . . .	<u>958,393</u>	<u>(55,538)</u>	<u>80,022</u>	<u>596,393</u>	<u>1,579,270</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2026

	Capital reserve	Treasury shares	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	958,393	(55,538)	80,022	596,393	1,579,270
Profit and total comprehensive income for the period	—	—	—	117,307	117,307
Share-based payments for employees	8,856	—	—	—	8,856
Transfer to statutory surplus reserve	(109,118)	—	—	—	(109,118)
Transfer from treasury share	(104)	104	—	—	—
Repurchase of shares (note 34(d))	—	—	—	—	—
Dividend declared (note 13)	—	—	—	(83,657)	(83,657)
At 30 June 2026	<u>858,027</u>	<u>(55,434)</u>	<u>80,022</u>	<u>630,043</u>	<u>1,512,658</u>

35. SHARE-BASED PAYMENTS

(a) Share incentive plan

In April 2021, the Company held a shareholder’s meeting and approved the “Resolution on the Employee Equity Incentive Plan”. It was agreed that Shanghai Chao Tai Enterprise Management Partnership (Limited Partnership) 上海巢泰企業管理合夥企業(有限合夥) (“Shanghai Chao Tai”) and Shanghai Cong Jiong Enterprise Management Partnership (Limited Partnership) 上海聰炯企業管理合夥企業(有限合夥) (“Shanghai Cong Jiong”) will acquire a portion of the company’s equity from 湖南源臻科技有限公司 Hunan Zhenyuan Technology Limited Company (“Hunan Yuanzhen”). Shanghai Chaotai and Shanghai Congjiong will serve as shareholding platforms for implementing the equity incentive plan, which controlled by one of the Controlling Shareholders, Ms. Cao.

On April 30, 2021, the Company, Ms Cao, Shanghai Chaotai, signed an equity incentive agreement with 32 employees including Zhao Shuyan, stipulating that the 32 employees, would increase their capital by RMB1.154 million to Shanghai Chaotai.

On March 7, 2022, the Company, Ms Cao, and Shanghai Chaotai signed an equity incentive agreement with employee Jin wanhong, stipulating that Ms Cao would transfer part of her share in Shanghai Chaotai to employee Jin wanhong.

On March 7, 2022, the Company, Ms Cao, and Shanghai Congjing signed an equity incentive agreement with employee Zhao shuyan, stipulating that Ms Cao would transfer part of her share in Shanghai Congjing to employee Zhao shuyan.

In March and August 2022, two and one employees under the employee stock ownership plan resigned and transferred their shares in the company to Ms Cao. The transfer price was calculated based on the actual investment amount of the two and one employees and the corresponding bank loan interest rate for the same period, calculated from the date the employees paid all their investment to Shanghai Chaotai to the date of their resignation. The company will reduce the share-based payment by the difference between the above-mentioned equity grant price and fair value, and at the same time reduce management expenses and capital reserves.

These share-based payments are intended to compensate employees for their services. The grantee shall provide full-time continuous service for the Group for no less than 5 years from the grant date. Early resignation will trigger the repurchased of all underlying shares by the actual controller. The equity incentive plan specifies a five-year service period, and the Company allocates the determined share-based payment expense over the service period using the straight-line method, simultaneously recognising administrative expenses and capital reserve. In respect of this plan, during the year ended 31 December 2023, 2024 and 2025, the Group recorded share-based compensation expense of RMB1,086,000, RMB 1,086,000 and RMB1,086,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The fair value of the share-based payment granted in 2021 is based on the price of RMB10 per share paid by external investor Heshi Investment to acquire Hunan Yuanzhen’s shares in May 2021.

The fair value of the share-based payment granted in 2022 is based on the price of RMB7.74 per share paid by external investor Yibin Chendao and Chaoxing Venture Capital during their capital increase in September 2021.

As at 1 January 2023, 549,000 shares have been granted with exercise price of RMB2 per share and 150,000 shares have been granted with exercise price of RMB0.83 per share. No movement of number of share awards during the Track Record Period.

(b) 2025 Share option scheme

On 29 September 2025 and 15 October 2025, the Company convened a meeting of the Board of Directors and an extraordinary general meeting of shareholders, respectively. At these meetings, resolutions were approved regarding the “2025 Employee Share Option Scheme”, as well as the “2025 Employee Share Option Scheme Administrative Measures”.

The shares for this share option scheme are sourced from the Company’s repurchased A-share ordinary shares held in the treasury share account. A total of 996,200 shares were transferred from the Company’s treasury share account to the dedicated securities account for the share option scheme through a non-trade transfer at a subscription price of RMB55.35 per share.

In accordance with the provisions of the “2025 Employee Share Option Scheme”, the rights and interests attached to the shares held by the scheme will be allocated to participants over three tranches, contingent upon the achievement of the Company’s performance targets and individual performance assessment results. The details are as follows:

- First vesting tranche: 12 months after the date of the Company’s announcement regarding the transfer of the underlying shares into the share’s account, 30% of the total underlying shares held by the scheme will vest.
- Second vesting tranche: 24 months after the date of the Company’s announcement regarding the transfer of the underlying shares into the share’s account, 40% of the total underlying shares held by the scheme will vest.
- Third vesting tranche: 36 months after the date of the Company’s announcement regarding the transfer of the underlying shares into the share’s account, the remaining 30% of the total underlying shares held by the scheme will vest.

Share acquired under this share option scheme that are derived from entitlements such as share dividends or capitalisation of capital reserves shall also be subject to the same lock-up arrangements as described above.

Details of the movements of share options are as follows:

Participants	Date of grant	Exercise period	Exercise price per share	Number of share options		
				Balance as at 1 January 2025	Granted during the year	Balance as at 31 December 2025
			RMB			
Executive director . . .	6 December 2025	6 December 2026 - 5 December 2030	55.35	–	80,000	80,000
Employees	6 December 2025	6 December 2026 - 5 December 2030	55.35	–	916,200	916,200
				–	996,200	996,200
				–		
Weighted average exercise price (RMB)				–		55.35

APPENDIX I

ACCOUNTANTS’ REPORT

Participants	Date of grant	Exercise period	Exercise price per share	Number of share options			
				Balance as at 1 January 2026	Capital reserve capitalisation during the year	Lapsed during the year	Balance as at 30 June 2026
			<i>RMB</i>				
Executive director	6 December 2025	6 December 2026 - 5 December 2030	55.35	80,000	24,000	–	104,000
Employees	6 December 2025	6 December 2026 - 5 December 2030	55.35	916,200	274,860	(4,420)	1,186,640
				<u>996,200</u>	<u>298,860</u>	<u>(4,420)</u>	<u>1,290,640</u>
Weight average exercise price (RMB)				<u>55.35</u>			<u>55.35</u>

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Interest payables	Interest-bearing bank and other borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	1,504	178,427	24,413	204,344
Changes from financing cash flows .	(5,133)	(158,627)	(3,008)	(166,768)
Interest expense	3,647	–	987	4,634
Exchange difference	–	–	(716)	(716)
At 31 December 2023 and 1 January 2024	18	19,800	21,676	41,494
Changes from financing cash flows .	(284)	(19,800)	(3,289)	(23,373)
New leases	–	–	5,623	5,623
Interest expense	266	–	961	1,227
Exchange difference	–	–	101	101
At 31 December 2024 and 1 January 2025	–	–	25,072	25,072
Changes from financing cash flows .	(6,418)	500,942	(16,787)	477,737
New leases	–	–	13,990	13,990
Lease termination	–	–	(18,193)	(18,193)
Interest expense	6,644	–	1,758	8,402
Acquisition of subsidiaries	67	33,256	27,776	61,099
Exchange difference	–	–	(1,263)	(1,263)
At 31 December 2025 and 1 January 2026	293	534,198	32,353	566,844
Changes from financing cash flows .	(4,737)	(982)	(4,410)	(10,129)
New leases	–	–	1,776	1,776
Interest expense	5,857	–	771	6,628
Exchange difference	(803)	(824)	8	(1,619)
At 30 June 2026	<u>610</u>	<u>532,392</u>	<u>30,498</u>	<u>563,500</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Interest payables	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	—	—	25,072	25,072
Changes from financing cash flows	(527)	274,232	(3,422)	270,283
New leases	—	—	4,312	4,312
Interest expense	1,358	—	668	2,026
Acquisition of subsidiaries	67	33,256	27,776	61,099
Exchange difference	—	(35)	(92)	(127)
At 30 June 2025 (unaudited)	898	307,453	54,314	362,665

37. COMMITMENTS

The Group had the following contractual commitments at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment commitments:				
– Authorised, but not contracted	581,812	553,058	398,606	344,026
Capital contribution to equity investment	—	—	—	55,300
	581,812	553,058	398,606	399,326

38. CONTINGENT LIABILITIES

At the end of Track Record Period, the Group did not have any significant contingent liabilities.

39. PLEDGE OF ASSETS

Details of the assets pledged for the Group’s interest-bearing bank and other borrowings and issuance of bank acceptance notes are included in notes 15, 16, 27 and 31 to the Historical Financial Information.

40. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following related parties during the Track Record Period:

Name of Related parties	Relationship between related parties and the Company
Zhejiang Rongtai Technical Industry Co., Ltd.	Entity under common control of the largest shareholder
Mr. Ge Tairong	The ultimate controlling shareholder
Ms. Cao Meisheng	The ultimate controlling shareholder
Mr. Huang Mingtao	The minority shareholder of subsidiary
Ms. Wu Xiaohua	The immediate family member of the minority shareholder of subsidiary
Kingly Gear	An associate company

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Transactions with related parties:

The Group had the following transactions with related parties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Purchase from a related company	973	640	309	125	141
Purchase from an associate company . .	—	—	—	—	352
	<u>973</u>	<u>640</u>	<u>309</u>	<u>125</u>	<u>493</u>

The Company had the following transactions with related parties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Purchase from a related company	<u>973</u>	<u>640</u>	<u>309</u>	<u>125</u>	<u>141</u>

(c) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to a related company*	—	63	—	—
Amounts due to an associate company* . .	—	—	—	367
	<u>—</u>	<u>63</u>	<u>—</u>	<u>367</u>

* The amounts are in trade nature, unsecured, non-interest bearing and aged within one year at the end of the Track Record Periods.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from subsidiaries	<u>84,067</u>	<u>223,245</u>	<u>217,459</u>	<u>96,958</u>
Amounts due to subsidiaries	<u>14,915</u>	<u>72,306</u>	<u>70,565</u>	<u>18,406</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Compensation of key management personnel

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	3,453	4,311	5,046	2,381	2,044
Performance related bonuses	994	1,170	1,023	585	498
Retirement benefit scheme contributions	138	134	284	76	63
Share-based payments	110	110	592	55	845
Total	<u>4,695</u>	<u>5,725</u>	<u>6,945</u>	<u>3,097</u>	<u>3,450</u>

Further details of directors’ emoluments are included in note 11 to the Historical Financial Information.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost
	RMB'000	RMB'000
Trade and notes receivables	–	226,877
Financial assets at fair value through other comprehensive income . .	23,255	–
Financial assets included in prepayments and other receivables . . .	–	3,803
Bank and cash balances	–	1,022,671
Total	<u>23,255</u>	<u>1,253,351</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	183,415
Financial liabilities included in other payables and accruals	421
Interest-bearing bank and other borrowings	19,800
Total	<u>203,636</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes receivables	–	–	277,334	277,334
Financial assets at fair value through other comprehensive income	15,402	–	–	15,402
Financial assets included in prepayments and other receivables	–	–	3,683	3,683
Financial assets at fair value through profit or loss	–	220,191	–	220,191
Other non-current assets – large certificates of bank deposits	–	–	200,000	200,000
Prepayments and other receivables – large certificates of bank deposits	–	–	50,000	50,000
Bank and cash balances	–	–	583,826	583,826
Total	<u>15,402</u>	<u>220,191</u>	<u>1,114,843</u>	<u>1,350,436</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	271,252
Financial liabilities included in other payables and accruals	630
Total	<u>271,882</u>

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes receivables	–	–	364,317	364,317
Financial assets at fair value through other comprehensive income	46,232	–	–	46,232
Financial assets included in prepayments and other receivables	–	–	2,659	2,659
Financial assets at fair value through profit or loss	–	434,981	–	434,981
Other non-current assets – large certificates of bank deposits	–	–	216,824	216,824
Bank and cash balances	–	–	474,103	474,103
Total	<u>46,232</u>	<u>434,981</u>	<u>1,057,903</u>	<u>1,539,116</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	317,124	–	317,124
Financial liabilities included in other payables and accruals	62,061	36,212	98,273
Interest-bearing bank and other borrowings	534,198	–	534,198
Total	<u>913,383</u>	<u>36,212</u>	<u>949,595</u>

As at 30 June 2026

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes receivables	–	–	394,686	394,686
Financial assets at fair value through other comprehensive income	31,361	–	–	31,361
Financial assets included in prepayments and other receivables	–	–	2,814	2,814
Financial assets at fair value through profit or loss	–	378,825	–	378,825
Other non-current assets – large certificates of bank deposits	–	–	356,424	356,424
Financial assets at fair value through profit or loss (expected holding period over one year)	5,000	–	–	5,000
Bank and cash balances	<u>–</u>	<u>–</u>	<u>367,538</u>	<u>367,538</u>
Total	<u>36,361</u>	<u>378,825</u>	<u>1,121,462</u>	<u>1,536,648</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	449,691	–	449,691
Financial liabilities included in other payables and accruals	65,542	24,142	89,684
Interest-bearing bank and other borrowings	532,392	–	532,392
Derivative financial instruments	–	330	330
Total	<u>1,047,625</u>	<u>24,472</u>	<u>1,072,097</u>

APPENDIX I

ACCOUNTANTS’ REPORT

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair values of the notes receivable classified as financial assets at fair value through other comprehensive income under IFRS 9 as at the end of each of the Track Record Period have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within one year, and thus their fair values approximate to their carrying values.

Fair value hierarchy

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

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<u>As at 31 December 2023</u>				
Financial assets at fair value through other comprehensive income – notes receivables	–	23,255	–	23,255
Total	–	23,255	–	23,255
<u>As at 31 December 2024</u>				
Financial assets at fair value through other comprehensive income – notes receivables	–	15,402	–	15,402
Financial assets at fair value through profit or loss	–	220,191	–	220,191
Total	–	235,593	–	235,593
<u>As at 31 December 2025</u>				
Financial assets at fair value through other comprehensive income – notes receivables	–	46,232	–	46,232
Financial assets at fair value through profit or loss	–	434,981	–	434,981
Total	–	481,213	–	481,213

APPENDIX I

ACCOUNTANTS’ REPORT

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
<u>As at 30 June 2026</u>				
Financial assets at fair value through other comprehensive income – notes receivables	–	31,361	–	31,361
Financial assets at fair value through profit or loss	–	378,825	–	378,825
Financial assets at fair value through profit or loss (expected holding period over one year)	–	5,000	–	5,000
Total	–	415,186	–	415,186
	=	=	=	=

As for the notes held by the Company, given their short remaining maturity and the expectation of sale through endorsement, their fair value is determined based on the face amount. For the commercial bank’s financing products, fair value is determined using valuation techniques. The valuation model employed is based on market quotes for instruments of a similar type. The inputs to the valuation techniques primarily include the observed values of the underlying references and the expected rate of return as stipulated in the contract.

A 5% increase/decrease in the fair value of the commercial bank’s financing products, holding all other variable constant, would increase/decrease the carrying amount of these financing products by RMB11,010,000, RMB21,749,000 and RMB19,191,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively.

Liabilities measured at fair value

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
<u>As at 31 December 2025</u>				
Financial liabilities at fair value through profit or loss – contingent consideration payables	–	–	36,212	36,212
Total	–	–	36,212	36,212
	=	=	=	=
<u>As at 30 June 2026</u>				
Financial liabilities at fair value through profit or loss – contingent consideration payables	–	–	24,142	24,142
Derivative financial instruments	–	330	–	330
Total	–	330	24,142	24,472
	=	=	=	=

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 and 2024.

The fair value of contingent consideration payable measured at fair value through profit or loss is calculated by discounting the expected future cash flows. The fair value measurement is negatively correlated to discount rate. The discount rate is determined according to market expected return rate.

The contingent consideration payables, which are classified as Level 3 fair value measurements, are valued using the discount cash flow method based on the acquiree’s forecasted financial performance over the earn-out period. The significant unobservable inputs used as at 31 December 2025 and 30 June 2026 are: (i) weighted probability to achieve performance target and (ii) discount rate. Regarding the sensitivity of the fair value to changes

APPENDIX I

ACCOUNTANTS’ REPORT

in these inputs: for the weighted probability to achieve the performance target, the higher the weighted probability, the higher the fair value of the contingent consideration, and vice versa; for the discount rate, the higher the discount rate, the lower the fair value of the contingent consideration, and vice versa. There was not materially different between carrying amount and fair value as at 31 December 2025 and 30 June 2026.

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group also enters into derivative transactions, including forward exchange contracts. The purpose is to manage the foreign currency risk arising from the Group’s operations and its sources of finance.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional exchange rate risk exposures mainly arising from sales or purchases in currencies other than the functional currencies. The Group has subsidiaries using USD and EUR as their functional currencies. These subsidiaries have transactions in currencies other than their functional currencies. The Group adopts an overall management on its foreign exchange business, and reduce its exchange rate exposures using forward foreign exchange contracts based on the market trend as necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate of USD, EUR and THB with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in foreign currency rate	(Decrease)/increase in profit before tax
	%	RMB’000
31 December 2023		
If RMB weakens against USD and EUR	5%	(15,249)
If RMB strengthens against USD and EUR	(5%)	15,249
31 December 2024		
If RMB weakens against USD and EUR	5%	(7,698)
If RMB strengthens against USD and EUR	(5%)	7,698
31 December 2025		
If RMB weakens against USD and THB	5%	(17,506)
If RMB strengthens against USD and THB	(5%)	17,506
30 June 2026		
If RMB weakens against USD and THB	5%	(14,358)
If RMB strengthens against USD and THB	(5%)	14,358

Credit risk

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

APPENDIX I

ACCOUNTANTS’ REPORT

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Track Record Period. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and notes receivables	–	–	–	226,877	226,877
Financial assets included in prepayments and other receivables	3,803	–	–	–	3,803
Bank and cash balances	1,022,671	–	–	–	1,022,671
Total	<u>1,026,474</u>	<u>–</u>	<u>–</u>	<u>226,877</u>	<u>1,253,351</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and notes receivables	–	–	–	277,334	277,334
Financial assets included in prepayments and other receivables	3,683	–	–	–	3,683
Bank and cash balances	583,826	–	–	–	583,826
Total	<u>587,509</u>	<u>–</u>	<u>–</u>	<u>277,334</u>	<u>864,843</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and notes receivables	–	–	–	364,317	364,317
Financial assets included in prepayments and other receivables	2,659	–	–	–	2,659
Bank and cash balances	474,103	–	–	–	474,103
Total	<u>476,762</u>	<u>–</u>	<u>–</u>	<u>364,317</u>	<u>841,079</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes receivables . . .	–	–	–	394,686	394,686
Financial assets included in prepayments and other receivables	2,814	–	–	–	2,814
Bank and cash balances	367,538	–	–	–	367,538
Total	370,352	–	–	394,686	765,038

Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings to meet its working capital requirements.

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

As at 31 December 2023

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	183,415	–	–	–	183,415
Financial liabilities included in other payables and accruals . .	18	–	–	–	18
Interest-bearing bank and other borrowings	19,818	–	–	–	19,818
Lease liabilities	2,978	2,978	8,935	11,168	26,059
	206,229	2,978	8,935	11,168	229,310

As at 31 December 2024

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	271,252	–	–	–	271,252
Lease liabilities	5,021	5,021	10,567	8,312	28,921
	276,273	5,021	10,567	8,312	300,173

As at 31 December 2025

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	317,124	–	–	–	317,124
Financial liabilities included in other payables and accruals . .	59,675	22,056	16,542	–	98,273
Interest-bearing bank and other borrowings	539,386	–	–	–	539,386
Lease liabilities	9,434	9,199	17,288	–	35,921
	925,619	31,255	33,830	–	990,704

APPENDIX I

ACCOUNTANTS’ REPORT

As at 30 June 2026

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	449,691	—	—	—	449,691
Financial liabilities included in other payables and accruals . .	51,086	22,056	16,542	—	89,684
Interest-bearing bank and other borrowings	540,177	—	—	—	540,177
Lease liabilities	10,547	7,526	15,191	—	33,264
	1,051,501	29,582	31,733	—	1,112,816

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new capitals.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the Track Record Period are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	19,800	—	534,198	532,392
Lease liabilities	21,676	25,072	32,353	30,498
Less: Cash and cash equivalents . . .	(1,022,671)	(583,826)	(473,820)	(367,538)
Net debt	(981,195)	(558,754)	92,731	195,352
Equity attributable to owners of the parent	1,661,442	1,830,895	2,037,211	2,099,336
Capital and net debt	680,247	1,272,141	2,129,942	2,294,688
Gearing ratio	N/A	N/A	4%	9%

44. ACQUISITIONS

Acquisitions of Dizi Precision

Pursuant to the Equity Transfer Agreement entered into in April 2025, the Company agreed to purchase a total of approximately 41.2% equity interest in Dizi Precision from the several third parties (“Selling Shareholders of Dizi Precision”) for a consideration of RMB164,800,000. Concurrently with the equity transfer, the Company made a cash contribution of RMB80,000,000 to the Dizi Precision, among which RMB14,896,000 was allocated to subscribe for the newly increased registered capital of Dizi Precision and the remaining RMB65,104,000 was credited to the capital reserve of the Dizi Precision. Before the acquisition, the Group paid RMB10,000,000 as the deposit to the Dizi Precision, which became capital injection after the acquisition. Then, the Group paid the first instalment of cash consideration of RMB128,588,000 to the Selling Shareholders of Dizi Precision, and the remaining considerations in aggregate of RMB36,212,000 are to be paid in three tranches, which will be depending on the achievement of the following performance targets: The net profits of Dizi Precision for the years ending 31 December 2025, 2026 and 2027 shall be no less than RMB8,000,000, RMB27,000,000 and RMB35,000,000. After that, the Company paid the RMB70,000,000 to Dizi Precision for capital injection. Upon the completion of the aforementioned equity transfer and capital increase in June 2025, the Company holds 51% equity interest in Dizi Precision. Dizi Precision is principally engaged in the research and development, design, manufacturing and sales of precision structural components. In April 2026, the Group paid the first instalment of cash consideration of RMB12,070,000, as Dizi Precision achieved the performance target for the year ended 31 December 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

The fair value of the identifiable assets and liabilities of Dizi Precision acquired as at its date of acquisition on 1 June 2025 is as follows:

	Fair value recognised on acquisition
	<i>RMB’000</i>
Property, plant and equipment	43,825
Right-of-use assets	25,860
Other intangible assets	16,145
Deferred tax assets	1,634
Other non-current assets	5,112
Inventories	63,348
Trade and notes receivables	39,520
Prepayments and other receivables	73,535
Cash and cash equivalents	4,132
Trade and notes payables	(10,916)
Other payables and accruals	(7,028)
Contract liabilities	(1,540)
Interest-bearing bank and other borrowings	(33,256)
Lease liabilities	(27,776)
Deferred tax liabilities	(3,355)
Total identifiable net assets at fair value	189,240
Non-controlling interests	(94,182)
Net assets acquired	95,058
Recognition of goodwill	149,742
Total consideration	<u>244,800</u>

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

Consideration	(244,800)
Cash and cash equivalents acquired	4,132
Capital injection to the subsidiary	70,000
Recognised in other payables	36,212
Total net cash outflow	<u>(134,456)</u>

The fair value of the trade and notes receivables and other receivables acquired is RMB41,156,000. The gross amount due under the contracts is RMB44,716,000, of which RMB3,560,000 is expected to be uncollectible.

Since the acquisition, Dizi Precision contributed RMB79,796,000 to the Group’s revenue and profit of RMB7,317,000 to the Group’s consolidated profit for the year ended 31 December 2025.

If the acquisition had been completed on 1 January 2025, total Group revenue for the year would have been RMB1,417,736,000, and profit for the year would have been RMB284,474,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is intended to be a projection of future results.

45. MATERIAL NON-WHOLLY-OWNED SUBSIDIARIES

The following table shows information of subsidiaries that have non-controlling interest (“NCI”) material to the Group. The summarised financial information represents amounts before inter-company eliminations.

APPENDIX I

ACCOUNTANTS’ REPORT

Name	Dizi Precision Group			
	As at 31 December			As at 30 June
	2023	2024	2025	2026
	PRC/PRC			
Principal place of business/country of incorporation	PRC/PRC			
% of ownership interests/voting rights held by NCI	N/A	N/A	49%/49%	49%/49%
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December/30 June:				
Non-current assets	N/A	N/A	105,965	126,387
Current assets	N/A	N/A	165,881	171,143
Non-current liabilities	N/A	N/A	(24,112)	(26,096)
Current liabilities	N/A	N/A	(57,177)	(68,467)
Net assets	N/A	N/A	190,557	202,967
Accumulated NCI	N/A	N/A	95,150	101,196
Year ended 31 December/Period ended 30 June				
Revenue	N/A	N/A	79,796	86,890
Profit	N/A	N/A	7,317	16,735
Total comprehensive income	N/A	N/A	7,317	16,735
Profit allocated to NCI	N/A	N/A	3,614	6,046
Net cash generated from operating activities	N/A	N/A	15,266	15,707
Net cash used in investing activities	N/A	N/A	(65,533)	(13,067)
Net cash generated from financing activities	N/A	N/A	58,590	(2,837)
Net increase in cash and cash equivalents	N/A	N/A	8,323	(197)

46. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2026, the Group completed the investment in Shenzhen Uchuang Smart Device Co., Ltd. (the “Uchuang Smart”), with a total consideration of RMB85.30 million. The Group acquired an equity interest of 10.0358% in Uchuang Smart. The Group has significant influence over the operating and financial policies of Uchuang Smart, and therefore, this investment is accounted for as an investment in an associate of the Group.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any periods subsequent to 30 June 2026 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Group in respect of any period subsequent to 30 June 2026.