

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-67, received from the Company’s reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

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ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF UGREEN GROUP LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Ugreen Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-67, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on page I-4 to I-67 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 [REDACTED] of H shares of the Company on the [REDACTED].

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

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

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board (“**IAASB**”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant’s report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

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

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

[●]

Practising Certificate Number: [●]

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5	4,801,410	6,166,334	9,485,595	3,854,814	5,813,890
Cost of sales	8	(3,031,297)	(3,899,738)	(6,019,549)	(2,464,711)	(3,580,864)
Gross profit		1,770,113	2,266,596	3,466,046	1,390,103	2,233,026
Other income	6	28,605	26,060	29,038	13,574	13,178
Other gains/(losses), net	7	16,150	26,937	27,598	29,958	(35,186)
Research and development expenses	8	(215,891)	(304,116)	(437,808)	(173,515)	(349,130)
General and administrative expenses	8	(230,825)	(281,394)	(347,920)	(154,135)	(223,038)
Selling expenses	8	(911,823)	(1,204,832)	(1,894,923)	(790,839)	(1,151,785)
Net impairment losses (recognised)/reversed on financial assets		(3,829)	1,641	(16,644)	(5,623)	(9,497)
Finance costs	10	(6,915)	(5,909)	(6,359)	(3,136)	(3,258)
Profit before income tax		445,585	524,983	819,028	306,387	474,310
Income tax expense	11	(51,901)	(64,499)	(115,572)	(32,827)	(42,106)
Profit for the year/period		393,684	460,484	703,456	273,560	432,204
Profit for the year/period attributable to:						
Owners of the Company		387,518	462,280	704,594	274,678	430,981
Non-controlling interests		6,166	(1,796)	(1,138)	(1,118)	1,223
		<u>393,684</u>	<u>460,484</u>	<u>703,456</u>	<u>273,560</u>	<u>432,204</u>
Other comprehensive income for the year/period, net of tax						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		—	—	859	—	2,057
Total comprehensive income for the year/period		393,684	460,484	704,315	273,560	434,261
Total comprehensive income for the year/period attributable to:						
Owners of the Company		387,518	462,280	705,453	274,678	433,038
Non-controlling interests		6,166	(1,796)	(1,138)	(1,118)	1,223
		<u>393,684</u>	<u>460,484</u>	<u>704,315</u>	<u>273,560</u>	<u>434,261</u>
Earnings per share (“EPS”) attributable to owners of the Company						
Basic EPS (<i>RMB per share</i>)	13	1.04	1.18	1.70	0.66	1.04
Diluted EPS (<i>RMB per share</i>)	13	1.04	1.18	1.70	0.66	1.04

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at
	Note	2023	2024	2025	June 30,
		RMB'000	RMB'000	RMB'000	2026
					RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	47,337	51,741	63,624	92,235
Right-of-use assets	15	116,260	106,464	131,570	135,626
Intangible assets	16	5,458	8,869	11,177	12,884
Financial assets at fair value through profit of loss	17	—	333,447	—	—
Financial assets at fair value through other comprehensive income	18	—	—	16,010	18,430
Prepayments, other receivables and other assets	21	6,753	5,236	10,381	114,654
Deferred tax assets	23	26,254	35,574	52,236	71,272
		<u>202,062</u>	<u>541,331</u>	<u>284,998</u>	<u>445,101</u>
Current assets					
Inventories	19	995,850	1,234,642	2,000,515	2,457,720
Trade and bills receivables	20	137,337	99,650	346,838	483,330
Prepayments, other receivables and other assets	21	120,752	135,033	471,694	406,370
Prepaid income tax		4,844	8	—	8,658
Financial assets at fair value through profit or loss	17	—	741,540	431,313	110,152
Restricted bank deposits	22	—	—	7,029	27,244
Cash and cash equivalents	22	992,314	1,142,738	1,386,529	1,173,738
		<u>2,251,097</u>	<u>3,353,611</u>	<u>4,643,918</u>	<u>4,667,212</u>
Current liabilities					
Trade payables	24	355,794	554,094	805,578	775,042
Contract liabilities	25	33,969	61,959	95,066	111,290
Other payables and accruals	26	129,448	200,282	402,303	402,444
Lease liabilities	15	31,887	22,698	40,499	47,262
Income tax payable		21,183	22,916	46,270	33,196
		<u>572,281</u>	<u>861,949</u>	<u>1,389,716</u>	<u>1,369,234</u>
Net current assets		<u>1,678,816</u>	<u>2,491,662</u>	<u>3,254,202</u>	<u>3,297,978</u>
Total assets less current liabilities . . .		<u>1,880,878</u>	<u>3,032,993</u>	<u>3,539,200</u>	<u>3,743,079</u>
Non-current liabilities					
Lease liabilities	15	95,182	95,540	106,715	105,736
Provision	27	9,380	12,617	24,777	41,812
		<u>104,562</u>	<u>108,157</u>	<u>131,492</u>	<u>147,548</u>
Net assets		<u>1,776,316</u>	<u>2,924,836</u>	<u>3,407,708</u>	<u>3,595,531</u>
EQUITY					
Share capital	28	373,410	414,910	414,910	414,910
Other reserves	30	390,491	1,216,496	1,307,878	1,312,443
Retained earnings	30	982,727	1,265,538	1,658,166	1,840,201
Equity attributable to owners of the Company		<u>1,746,628</u>	<u>2,896,944</u>	<u>3,380,954</u>	<u>3,567,554</u>
Non-controlling interests		<u>29,688</u>	<u>27,892</u>	<u>26,754</u>	<u>27,977</u>
Total equity		<u>1,776,316</u>	<u>2,924,836</u>	<u>3,407,708</u>	<u>3,595,531</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
	Note	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	27,252	26,190	27,827	51,554
Right-of-use assets	15	13,050	4,064	25,102	24,174
Intangible assets	16	3,861	5,829	7,434	9,041
Investment in subsidiaries	32	38,558	44,672	44,672	44,672
Financial assets at fair value through profit or loss	17	—	333,447	—	—
Financial assets at fair value through other comprehensive income	18	—		16,010	18,430
Prepayments, other receivables and other assets	21	10,155	5,020	31,966	133,136
Deferred tax assets	23	2,920	3,353	6,029	6,120
		95,796	422,575	159,040	287,127
Current assets					
Inventories	19	424,197	532,448	679,718	803,909
Trade and bills receivables	20	267,328	162,935	851,965	1,379,966
Prepayments, other receivables and other assets	21	119,765	63,900	203,656	204,242
Prepaid income tax		—	—	—	3,488
Dividends receivables		94,036	298,283	392,656	343,692
Financial assets at fair value through profit or loss	17	—	741,540	431,313	110,152
Cash and cash equivalents	22	860,797	965,362	1,075,510	695,091
		1,766,123	2,764,468	3,634,818	3,540,540
Current liabilities					
Trade payables	24	191,237	268,681	277,437	264,356
Contract liabilities	25	12,618	23,545	22,929	19,742
Other payables and accruals	26	97,805	120,617	216,628	212,395
Lease liabilities	15	18,183	4,271	16,578	18,374
Income tax payable		11,965	2,991	36,814	—
		331,808	420,105	570,386	514,867
Net current assets		1,434,315	2,344,363	3,064,432	3,025,673
Total assets less current liabilities . . .		1,530,111	2,766,938	3,223,472	3,312,800
Non-current liabilities					
Lease liabilities	15	3,146	2,144	20,312	14,830
Provision	27	1,265	1,104	1,807	3,542
		4,411	3,248	22,119	18,372
Net assets		1,525,700	2,763,690	3,201,353	3,294,428
EQUITY					
Share capital	28	373,410	414,910	414,910	414,910
Other reserves	30	394,162	1,220,167	1,311,549	1,316,114
Retained earnings	30	758,128	1,128,613	1,474,894	1,563,404
Total equity		1,525,700	2,763,690	3,201,353	3,294,428

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Capital reserve	Statutory reserve	Other comprehensive income reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 28	Note 30	Note 30	Note 30	Note 30			
As at January 1, 2023	373,410	282,118	53,569	–	631,080	1,340,177	25,322	1,365,499
Profit for the year	–	–	–	–	387,518	387,518	6,166	393,684
Total comprehensive income for the year	–	–	–	–	387,518	387,518	6,166	393,684
Appropriation of statutory reserve	–	–	35,871	–	(35,871)	–	–	–
Share-based payment expenses (Note 29)	–	18,933	–	–	–	18,933	–	18,933
Dividends declared to non-controlling interest in a subsidiary	–	–	–	–	–	–	(1,800)	(1,800)
As at December 31, 2023	373,410	301,051	89,440	–	982,727	1,746,628	29,688	1,776,316
As at January 1, 2024	373,410	301,051	89,440	–	982,727	1,746,628	29,688	1,776,316
Profit/(loss) for the year	–	–	–	–	462,280	462,280	(1,796)	460,484
Total comprehensive income/(loss) for the year	–	–	–	–	462,280	462,280	(1,796)	460,484
Appropriation of statutory reserve	–	–	54,995	–	(54,995)	–	–	–
Share-based payment expenses (Note 29)	–	40,274	–	–	–	40,274	–	40,274
Issue of shares (Note 28)	41,500	730,736	–	–	–	772,236	–	772,236
Dividends declared (Note 12)	–	–	–	–	(124,474)	(124,474)	–	(124,474)
As at December 31, 2024	414,910	1,072,061	144,435	–	1,265,538	2,896,944	27,892	2,924,836

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	Attributable to owners of the Company							
	Share capital	Capital reserve	Statutory reserve	Other comprehensive income reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000 Note 28	RMB'000 Note 30	RMB'000 Note 30	RMB'000 Note 30	RMB'000 Note 30	RMB'000	RMB'000	RMB'000
As at January 1, 2025	414,910	1,072,061	144,435	–	1,265,538	2,896,944	27,892	2,924,836
Profit/(loss) for the year	–	–	–	–	704,594	704,594	(1,138)	703,456
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	859	–	859	–	859
Total comprehensive income/(loss) for the year	–	–	–	859	704,594	705,453	(1,138)	704,315
Appropriation of statutory reserve	–	–	63,020	–	(63,020)	–	–	–
Share-based payment expenses (Note 29)	–	27,503	–	–	–	27,503	–	27,503
Dividends declared (Note 12)	–	–	–	–	(248,946)	(248,946)	–	(248,946)
As at December 31, 2025	414,910	1,099,564	207,455	859	1,658,166	3,380,954	26,754	3,407,708
As at January 1, 2025	414,910	1,072,061	144,435	–	1,265,538	2,896,944	27,892	2,924,836
Profit/(loss) for the period (unaudited)	–	–	–	–	274,678	274,678	(1,118)	273,560
Total comprehensive income/(loss) for the period (unaudited)	–	–	–	–	274,678	274,678	(1,118)	273,560
Share-based payment expenses (Note 29) (unaudited)	–	20,223	–	–	–	20,223	–	20,223
Dividends declared (Note 12) (unaudited)	–	–	–	–	(248,946)	(248,946)	–	(248,946)
As at June 30, 2025 (unaudited)	414,910	1,092,284	144,435	–	1,291,270	2,942,899	26,774	2,969,673
As at January 1, 2026	414,910	1,099,564	207,455	859	1,658,166	3,380,954	26,754	3,407,708
Profit for the period	–	–	–	–	430,981	430,981	1,223	432,204
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	2,057	–	2,057	–	2,057
Total comprehensive income for the period	–	–	–	2,057	430,981	433,038	1,223	434,261
Share-based payment expenses (Note 29)	–	2,508	–	–	–	2,508	–	2,508
Dividends declared (Note 12)	–	–	–	–	(248,946)	(248,946)	–	(248,946)
As at June 30, 2026	414,910	1,102,072	207,455	2,916	1,840,201	3,567,554	27,977	3,595,531

Notes:

- (a) Capital reserve mainly includes share premium and reserve recognised under share incentive schemes.
- (b) It represents the statutory reserve of the Company in the People’s Republic of China (the “PRC”). In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies’ registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating activities					
Profit before income tax	445,585	524,983	819,028	306,387	474,310
Adjustments for:					
Depreciation of property, plant and equipment (<i>Note 14</i>)	14,919	17,098	18,120	8,747	12,615
Depreciation of right-of-use assets (<i>Note 15</i>)	35,056	35,345	39,326	18,815	22,376
Amortisation of intangible assets (<i>Note 16</i>)	778	1,071	1,489	680	886
Fair value gains and investment income of financial assets at fair value through profit and loss (<i>Note 7</i>)	(6,433)	(11,755)	(17,035)	(10,761)	(3,398)
Net (gains)/losses on disposal of property, plant and equipment (<i>Note 7</i>)	(223)	(31)	26	(34)	–
Net impairment losses recognised on inventories	35,220	38,835	46,645	36,133	48,814
Finance costs (<i>Note 10</i>)	6,915	5,909	6,359	3,136	3,258
Net impairment losses recognised/(reversed) on financial assets	3,829	(1,641)	16,644	5,623	9,497
Share-based payment expenses (<i>Note 29</i>)	18,933	40,274	27,503	20,223	2,508
Increase in restricted bank deposits	–	–	(7,029)	–	(20,215)
(Increase)/decrease in trade and bills receivables	(84,462)	29,719	(266,357)	(99,739)	(121,480)
(Increase)/decrease in prepayments, other receivables and other assets	(11,325)	(14,956)	(297,913)	(62,151)	67,582
Increase in inventories	(291,695)	(277,627)	(812,518)	(307,947)	(506,019)
Increase/(decrease) in trade payables	57,384	198,300	251,484	104,119	(16,939)
Increase in other payables and accruals	18,255	74,381	202,654	12,540	6,605
(Decrease)/increase in contract liabilities	(16,553)	27,990	33,107	14,958	16,224
Increase in provision	4,675	3,237	12,160	4,111	17,035
Cash generated from operations	230,858	691,132	73,693	54,840	13,659
Income tax paid	(57,457)	(67,250)	(109,022)	(46,738)	(83,668)
Net cash flows generated from/(used in) operating activities	173,401	623,882	(35,329)	8,102	(70,009)

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	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Investing activities					
Purchase of property, plant and equipment and intangible assets	(23,920)	(28,085)	(47,250)	(20,403)	(49,378)
Proceeds from disposals of property, plant and equipment	612	52	105	92	–
Prepayment and deposits made for acquisition of a subsidiary	–	–	(15,000)	–	(91,000)
Payments of deposits for acquisition of other long-term assets	–	–	(12,840)	–	–
Purchase of financial assets at fair value through profit or loss	(2,990,000)	(2,980,711)	(2,981,664)	(1,050,000)	(662,000)
Proceeds from disposals of financial assets at fair value through profit or loss	2,990,000	1,910,710	3,621,332	1,300,000	982,333
Payments for financial assets at fair value through other comprehensive income	–	–	(15,000)	(15,000)	–
Investment income of financial assets at fair value through profit or loss	6,433	6,769	21,712	5,959	4,406
Other cash flows arising from investing activities	411	349	489	219	237
Net cash flows (used in)/generated from investing activities	(16,464)	(1,090,916)	571,884	220,867	184,598
Financing activities					
Dividends paid to non-controlling interests in a subsidiary	(1,800)	–	–	–	–
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Proceeds from issue of shares	–	808,215	–	–	–
Dividends paid to the shareholders of the Company	–	(124,474)	(248,946)	(248,946)	(248,946)
Payments for leases	(40,047)	(43,653)	(45,937)	(20,457)	(24,932)
Net cash flows (used in)/generated from financing activities	(45,052)	605,766	(299,191)	(269,403)	(291,577)
Net increase/(decrease) in cash and cash equivalents	111,885	138,732	237,364	(40,434)	(176,988)
Cash and cash equivalents at the beginning of the year/period	876,177	992,314	1,142,738	1,142,738	1,386,529
Effect of foreign exchange rate changes, net	4,252	11,692	6,427	13,527	(35,803)
Cash and cash equivalents at the end of the year/period	992,314	1,142,738	1,386,529	1,115,831	1,173,738

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on March 16, 2012 and changed to a joint stock limited company on June 11, 2021. The Company’s A shares are listed on ChiNext Market of Shenzhen Stock Exchange on July 26, 2024. The address of the Company’s registered office and its principal place of business is 1st to 6th Floors, Building 7, 4th Floor, Building 6, Longcheng Industry & Trade Yu’an Plant, Gaofeng Community, Dalang Subdistrict, Longhua District, Shenzhen, Guangdong Province, China.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research and development, production and sales of charging products and accessories, office products, audio and visual products and storage products.

As at June 30, 2026, the Company’s controlling shareholder is Zhang Qingsen (“**Mr. Zhang**”), directly holds approximately 45.27% of total share capital of the Company.

In this Historical Financial Information, certain English name of the companies referred herein represent the management’s best effort to translate the Chinese name of the companies as no English name has been registered.

2. BASIS OF PRESENTATION AND PREPARATION

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

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

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

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

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

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS REPORTING STANDARDS

The Group has not early adopted the following new and amended IFRSs which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
IFRS 18	Presentation and Disclosure in Financial Statements ¹
IFRS 19	Subsidiaries without Public Accountability: Disclosures ¹
Amendments to IAS 21	Translation to Hyperinflationary Presentation Currency ¹
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS36 and IAS 37	Disclosures about Uncertainties in the Financial Statements ¹
IFRS 20	Regulatory Assets and Regulatory Liabilities ²

¹ Effective for accounting periods beginning on or after January 1, 2027

² Effective for accounting periods beginning on or after January 1, 2029

³ Effective dates not yet determined

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

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IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group’s financial positions and performance, but has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

Foreign currency translation

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

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

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

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

Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of

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operating in the manner intended by the Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Machinery and equipment	5–10 years
Transportation equipment	4–5 years
Office equipment and others	3–5 years
Leasehold improvement	2–10 years

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

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

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

Right-of-use assets

Accounting policies of right-of-use assets are set out in “Leases” below.

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. The Group’s right-of-use assets mainly comprise buildings, the estimated useful lives of the assets are 2 to 10 years.

Intangible assets

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

Software	2–10 years
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The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

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

Research and development

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

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

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

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All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

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

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

Financial assets

Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income or other gains in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Our cash and cash equivalents, trade and bills receivables and other receivables fall into this category of financial instruments.

Financial assets at FVTPL

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

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Equity instruments

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

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

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

Impairment of financial assets

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

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

- | | | |
|---------|---|---|
| Stage 1 | — | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs. |
| Stage 2 | — | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs. |
| Stage 3 | — | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs. |

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

Cash and cash equivalents and bank deposits

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

Trade receivables and bills receivables

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

To measure the ECL, except for trade and bills receivables with significant outstanding balances which are assessed individually, the remaining trade and bills receivables have been grouped based on shared credit risk characteristics.

Other receivables and other financial assets measured at amortised cost

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

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In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured at amortised cost are set out in Note 37.

Financial liabilities

Classification and measurement of financial liabilities

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

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

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

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

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

Trade payables, other payables and accruals

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of generally within three months or less or designated for meeting short-term cash needs and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 22.

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Leases

Definition of a lease and the Group as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

The Group remeasures lease liabilities whenever:

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

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

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

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

Contract liabilities

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

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

Contingent liabilities

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

Revenue recognition

Revenue mainly arises from sales of goods to online retailers, offline distributors and direct sales to end customers.

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

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

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

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

Revenue from sale of goods

Revenue from sale of goods is recognised at a point in time when control of the assets is transferred to the customers upon proof of receipt at the delivery of the products.

Revenue for domestic and overseas sale of goods is recognised when the Group has delivered the products to the customers or other parties designated by the customers in accordance with the contract terms and has received receipt and other proof of receipt from the customers or other parties entrusted by the customers.

Sales with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Group shall recognize revenue for the transferred products in the amount of consideration to which the Group expects to be entitled and a refund liability at the amounts receivable for which the Group does not expect to be entitled; meanwhile, an asset shall be recognized as other assets on the cost of return (i.e right of return assets) measured at the carrying amount of the product expected to be returned less any expected costs to recover those products including potential decreases in the value to the entity of returned products, and the net amount of the carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Group shall assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranty

In accordance with the contract, the law or other requirements, the Group provides a warranty in connection with the sale of a product. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Group not treat it as a performance obligation.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Government grants

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

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Impairment of non-financial assets

The following assets are subject to impairment testing:

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

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

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

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

Employee benefits

Short-term employee benefits

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

Pension scheme

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

Housing funds, medical insurances and other social insurances

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

Termination benefits

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

Share-based compensation

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

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

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

Income taxes

Income tax comprises current tax and deferred income tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by their nature, will seldom equal actual results. Management also exercises judgement in applying the Group's accounting policies.

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

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 37.

Inventory provision

Inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

Fair value of financial assets at FVTPL and FVTOCI

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each year/period for the Track Record Period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value is disclosed in Note 36.

Income taxes and deferred income taxations

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

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

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5. REVENUE AND SEGMENT INFORMATION

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information. The Group’s revenue derives from the transfer of goods were analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)	<i>RMB’000</i>
Types of goods:					
– Charging products and accessories	2,076,044	2,957,626	4,355,886	1,777,633	2,666,726
– Office products	1,446,986	1,756,799	2,431,563	1,032,210	1,500,369
– Audio and visual products	950,255	1,060,493	1,472,320	630,187	877,236
– Storage products	328,125	391,416	1,225,826	414,784	769,559
	<u>4,801,410</u>	<u>6,166,334</u>	<u>9,485,595</u>	<u>3,854,814</u>	<u>5,813,890</u>

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group’s management reviews the performance of the Group as a single operating segment based on the internal organization structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group’s result and financial position as a whole, major customers and geographic information are presented.

All revenue from contracts with customers within the scope of IFRS 15 are recognized at a point in time. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of goods delivered such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)	<i>RMB’000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	<u>48,324</u>	<u>30,794</u>	<u>58,109</u>	<u>55,980</u>	<u>91,833</u>

Geographical information

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)	<i>RMB’000</i>
Revenue from external customers					
Chinese mainland	2,381,861	2,622,656	3,664,224	1,560,179	1,926,243
Overseas					
– Asia (excluding Chinese mainland)	849,664	1,275,129	2,049,236	916,344	1,281,081
– Europe	810,289	1,181,429	2,075,340	740,962	1,402,422
– The Americas	692,092	968,361	1,502,142	559,364	1,068,349
– Other countries/regions	67,504	118,759	194,653	77,965	135,795
	<u>2,419,549</u>	<u>3,543,678</u>	<u>5,821,371</u>	<u>2,294,635</u>	<u>3,887,647</u>
	<u>4,801,410</u>	<u>6,166,334</u>	<u>9,485,595</u>	<u>3,854,814</u>	<u>5,813,890</u>

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The geographical location of the Group’s non-current assets (excluding financial assets and deferred tax assets), mainly comprised of the property, plant and equipment and right-of-use assets, is determined based on the physical location of these assets. As at the end of each year/period for the Track Record Period, the geographical breakdown of the Group’s non-current assets is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current assets (excluding deferred tax assets and financial assets)				
– Chinese mainland	175,808	172,019	212,612	352,387
– Overseas	–	291	4,140	3,012
	<u>175,808</u>	<u>172,310</u>	<u>216,752</u>	<u>355,399</u>

Information about major customers

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Customer A	<u>785,238</u>	<u>795,024</u>	<u>1,118,763</u>	<u>479,591</u>	<u>N/A</u>

N/A: The corresponding revenue for the customer didn’t contribute over 10% of the total revenue of the Group for the six months ended June 30, 2026.

6. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Government grants (<i>Note</i>)	18,034	14,802	19,294	8,125	9,438
Interest income	9,690	9,595	8,603	4,710	4,399
Others	881	1,663	1,141	739	(659)
	<u>28,605</u>	<u>26,060</u>	<u>29,038</u>	<u>13,574</u>	<u>13,178</u>

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

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7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Fair value gains and investment income of financial assets at FVTPL	6,433	11,755	17,035	10,761	3,398
Net gains/(losses) on disposals of property, plant and equipment	223	31	(26)	34	—
Net foreign exchange gains /(losses)	5,710	9,742	4,893	15,256	(43,860)
Net compensation for lost goods	4,099	5,772	9,964	4,456	6,308
Others	(315)	(363)	(4,268)	(549)	(1,032)
	<u>16,150</u>	<u>26,937</u>	<u>27,598</u>	<u>29,958</u>	<u>(35,186)</u>

8. EXPENSES BY NATURE

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Changes in finished goods and work in progress	(244,793)	(216,411)	(627,156)	(246,239)	(227,661)
Cost of purchased goods	2,090,412	2,608,713	4,425,935	1,774,838	2,504,747
Raw materials consumed for production . .	461,583	563,617	760,831	337,145	452,813
Employee benefit expenses	562,388	753,543	1,049,114	451,167	723,133
Platform service fees	328,669	469,485	755,916	300,166	511,840
Advertising, marketing and promotion expenses	361,652	424,132	712,518	302,878	364,398
Logistics fees	511,602	680,070	1,036,090	413,187	642,537
Processing fee for manufacturing	60,860	81,829	115,840	51,839	61,202
Net impairment losses recognised on inventories	35,220	38,835	46,645	36,133	48,814
Depreciation of right-of-use assets (<i>Note 15</i>)	35,056	35,345	39,326	18,815	22,376
Depreciation of property, plant and equipment (<i>Note 14</i>)	14,919	17,098	18,120	8,747	12,615
Amortisation of intangible assets (<i>Note 16</i>)	778	1,071	1,489	680	886
Customs duties	30,298	27,705	110,346	32,236	8,990
Design, testing and other development expenses	22,076	35,051	45,299	15,611	29,954
Research and development materials consumed	25,435	30,459	29,417	14,331	22,630
Travel and office expenses	20,164	27,552	46,603	20,756	26,266
Professional service fees	14,931	15,519	25,432	6,654	22,236
Tax and surcharges	14,376	16,445	23,660	9,538	12,261
Auditor's remuneration	—	—	1,500	1,500	1,500
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	44,210	80,022	83,275	33,218	62,733
	<u>4,389,836</u>	<u>5,690,080</u>	<u>8,700,200</u>	<u>3,583,200</u>	<u>5,304,817</u>

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9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances, discretionary bonuses and benefits in kind . . .	520,763	681,039	972,388	409,075	684,340
Retirement scheme contributions . .	22,692	32,230	49,223	21,869	36,285
Share-based payment expenses . . .	18,933	40,274	27,503	20,223	2,508
	<u>562,388</u>	<u>753,543</u>	<u>1,049,114</u>	<u>451,167</u>	<u>723,133</u>

(b) Directors’ and supervisors’ emoluments

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

	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023						
Executive directors						
Mr. Zhang Qingsen	–	525	254	36	330	1,145
Mr. Chen Junling	–	511	252	36	–	799
Mr. He Mengxin	–	765	406	36	2,335	3,542
Mr. Li Leijie	–	764	720	36	1,262	2,782
Mr. Tang Jian	–	765	660	36	729	2,190
Ms. Chen Yan	–	765	720	36	172	1,693
Independent directors						
Mr. Gao Haijun	100	–	–	–	–	100
Mr. Huang Jinye	100	–	–	–	–	100
Mr. Lai Xiaofan	100	–	–	–	–	100
Supervisors						
Mr. Lei Shubin	–	646	340	34	381	1,401
Ms. Peng Yanhua	–	440	95	15	129	679
Ms. Li Fei	–	246	45	15	64	370
	<u>300</u>	<u>5,427</u>	<u>3,492</u>	<u>280</u>	<u>5,402</u>	<u>14,901</u>

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	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payment expenses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2024						
Executive directors						
Mr. Zhang Qingsen	–	705	369	43	673	1,790
Mr. Chen Junling	–	593	393	43	–	1,029
Mr. He Mengxin	–	825	300	43	6,160	7,328
Mr. Li Leijie	–	1,064	733	43	1,911	3,751
Mr. Tang Jian	–	1,065	671	43	1,359	3,138
Ms. Chen Yan	–	1,065	710	43	713	2,531
Independent directors						
Mr. Gao Haijun	100	–	–	–	–	100
Mr. Huang Jinye (<i>Note (i)</i>) . .	72	–	–	–	–	72
Mr. Lai Xiaofan	100	–	–	–	–	100
Mr. Wen Guang (<i>Note (ii)</i>) . .	29	–	–	–	–	29
Supervisors						
Mr. Lei Shubin	–	826	374	40	1,004	2,244
Ms. Peng Yanhua	–	464	144	16	190	814
Ms. Li Fei	–	276	54	16	128	474
	301	6,883	3,748	330	12,138	23,400
Year ended December 31, 2025						
Executive directors						
Mr. Zhang Qingsen	–	714	920	59	333	2,026
Mr. Chen Junling	–	593	940	59	–	1,592
Mr. He Mengxin	–	836	420	59	3,046	4,361
Mr. Li Leijie (<i>Note (iii)</i>) . . .	–	1,253	2,100	59	945	4,357
Mr. Tang Jian	–	1,254	1,800	59	674	3,787
Ms. Chen Yan	–	1,254	2,100	59	5,088	8,501
Ms. Nie Xingxing (<i>Note (iv)</i>) .	–	244	502	16	–	762
Independent directors						
Mr. Gao Haijun (<i>Note (v)</i>) . .	100	–	–	–	–	100
Mr. Lai Xiaofan	100	–	–	–	–	100
Mr. Wen Guang	100	–	–	–	–	100
Supervisors						
Mr. Lei Shubin (<i>Note (vi)</i>) . .	–	591	652	39	497	1,779
Ms. Peng Yanhua (<i>Note (vi)</i>) .	–	340	133	12	118	603
Ms. Li Fei (<i>Note (vi)</i>)	–	222	55	12	64	353
	300	7,301	9,622	433	10,765	28,421

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	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended June 30, 2025						
<i>(unaudited)</i>						
Executive directors						
Mr. Zhang Qingsen	–	356	184	28	333	901
Mr. Chen Junling	–	296	196	28	–	520
Mr. He Mengxin	–	418	150	28	3,046	3,642
Mr. Li Leijie	–	625	367	28	945	1,965
Mr. Tang Jian	–	626	335	28	674	1,663
Ms. Chen Yan	–	625	355	28	358	1,366
Independent directors						
Mr. Gao Haijun	48	–	–	–	–	48
Mr. Lai Xiaofan	48	–	–	–	–	48
Mr. Wen Guang (<i>Note (ii)</i>) . .	48	–	–	–	–	48
Supervisors						
Mr. Lei Shubin	–	416	187	27	497	1,127
Ms. Peng Yanhua	–	238	72	9	94	413
Ms. Li Fei	–	151	27	9	64	251
	144	3,751	1,873	213	6,011	11,992
Six months ended June 30, 2026						
Executive directors						
Mr. Zhang Qingsen	–	360	307	30	–	697
Mr. Chen Junling	–	300	313	30	–	643
Mr. He Mengxin	–	420	143	30	–	593
Mr. Tang Jian	–	630	600	30	–	1,260
Ms. Chen Yan	–	630	700	30	–	1,360
Ms. Nie Xingxing (<i>Note (iv)</i>) .	–	479	573	29	–	1,081
Independent directors						
Mr. Lai Xiaofan	48	–	–	–	–	48
Mr. Wen Guang	48	–	–	–	–	48
Mr. Leung Wai Fung Joseph (<i>Note (vii)</i>)	74	–	–	–	–	74
	170	2,819	2,636	179	–	5,804

Notes:

- (i) Mr. Huang Jinye resigned as an independent non-executive director of the Company on September 13, 2024.
- (ii) Mr. Wen Guang was appointed as an independent non-executive director of the Company on September 13, 2024.
- (iii) Mr. Li Leijie resigned as an executive director of the Company on September 15, 2025.
- (iv) Ms. Nie Xingxing was appointed as an executive director of the Company on September 15, 2025.
- (v) Mr. Gao Haijun resigned as an independent non-executive director of the Company on December 27, 2025.
- (vi) Mr. Lei Shubin, Ms. Peng Yanhua and Ms. Li Fei ceased to serve as the supervisors of the Company on September 15, 2025. This change follows the amendments to the Company Law of the PRC enacted from July 1, 2024, which stipulate that the supervisory functions of the Company shall be performed and exercised by independent directors.
- (vii) Mr. Leung Wai Fung Joseph was appointed as an independent director of the Company in January 2026.

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- (viii) The directors’ and supervisors’ emoluments represented the amounts paid or payable for their services rendered to the Group since their appointment as directors or supervisors. The emoluments paid to them for service rendered as management prior to their appointments as directors or supervisors are not included in the above tables.
- (ix) Fees, salaries, allowances and benefits in kind paid to or for the executive directors, independent directors of the Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Company and its subsidiaries.
- (x) Save as disclosed above, there was no arrangement under which directors of the Company and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Group to the directors of the Company and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period.

(c) Five highest paid individuals

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the five highest paid individuals included 4, 4, 4 (unaudited) and 3 directors respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 1, 1, 1 (unaudited) and 2 individuals during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, allowances, discretionary bonuses and benefits in kind . .	984	1,200	1,753	603	2,384
Retirement scheme contributions .	36	43	59	28	50
Share-based payment expenses . .	635	1,674	828	828	—
	1,655	2,917	2,640	1,459	2,434

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Hong Kong Dollar (“HKD”)					
HKD1,000,001–HKD1,500,000 . .	—	—	—	—	1
HKD1,500,001–HKD2,000,000 . .	1	—	—	1	1
HKD2,000,001–HKD2,500,000 . .	—	—	—	—	—
HKD2,500,001–HKD3,000,000 . .	—	—	1	—	—
HKD3,000,001–HKD3,500,000 . .	—	1	—	—	—
	1	1	1	1	2

10. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest expense on lease liabilities	6,915	5,909	6,359	3,136	3,258

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11. INCOME TAX EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax	57,740	73,819	132,385	42,233	61,505
Deferred income tax (Note 23)	(5,839)	(9,320)	(16,813)	(9,406)	(19,399)
Income tax expenses	<u>51,901</u>	<u>64,499</u>	<u>115,572</u>	<u>32,827</u>	<u>42,106</u>

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

(a) PRC Enterprise Income Tax (“EIT”)

Under the PRC Enterprise Income Tax Law and the respective regulations, the EIT for the certain of the Company’s subsidiaries are calculated at a statutory rate of 25%, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the Company was qualified as “High and New Technology Enterprises (HNTE)” and are therefore entitled to a preferential tax rate of 15% from 2023 to 2025.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, certain subsidiaries of the Company were qualified HNTE and are therefore entitled to a preferential tax rate of 15% from 2023 to 2025 or 2024 to 2026.

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

Pursuant to Caishui [2023] No. 6 “Announcement on the Income Tax Preferential Policies for Small Meager-profit Enterprises and Self-employed Businesses” (關於小微企業和個體工商戶所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB1,000,000 from January 1, 2023 to December 31, 2027.

(b) Hong Kong Profits Tax

Hong Kong profits tax has been provided at the rate of 16.5% during the Track Record Period on the estimated assessable profit for the year.

Following the enactment of the Inland Revenue (Amendment) (No. 3) Ordinance 2018 on March 29, 2018, amongst all the other group companies, the Company has selected Hong Kong Ugreen Limited to use the two-tiered profits tax rates whereby Hong Kong Ugreen Limited’s first 2 million Hong Kong dollars of assessable profits will be taxed at 8.25% and the remaining profits will be taxed at the standard rate of 16.5%.

(c) Corporate income tax in other jurisdictions

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

(d) Organization for Economic Cooperation and Development Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”).

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The Group is within the scope of Global Minimum Tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Group are located in jurisdictions mainly including Germany and Japan, where Pillar Two legislation was effective since January 1, 2024, and the Group’s assessment indicates that there is no material related current tax exposure in these jurisdictions during the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	(Unaudited)				
Profit before income tax	445,585	524,983	819,028	306,387	474,310
Tax at the preferential tax rate of 15%	66,838	78,747	122,854	45,958	71,147
Tax effect of					
– different tax rates of the subsidiaries	11,376	17,380	17,875	7,076	6,221
– non-deductible expenses	4,433	10,339	7,029	4,158	1,926
– deductible temporary differences and unused tax losses for which no deferred tax assets are recognised	–	–	5,049	–	2,078
– adjustments to current tax relating to previous years . .	(205)	–	14,441	658	66
– additional deduction of research and development expenses (Note)	(30,541)	(41,967)	(51,676)	(25,023)	(39,332)
	51,901	64,499	115,572	32,827	42,106

Note:

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, if the research and development expenses actually incurred by enterprises in carrying out research and development activities are not recognised as intangible assets and are not amortised in the current period’s profit and loss, on the basis of actual deduction according to regulations, enterprises are entitled to claim an additional deduction of 100% of the actual amount. For intangible assets, enterprises are entitled to 200% deduction of the amortisation of intangible assets.

12. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	(Unaudited)				
Interim dividends	–	124,474	–	–	–
Final dividends	–	–	248,946	248,946	248,946
	–	124,474	248,946	248,946	248,946

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The interim dividends of RMB3.00 per 10 shares (tax inclusive) aggregating approximately RMB124,474,000 in respect of six months ended June 30, 2024 were approved at the Company’s 2024 half year general meeting held on September 13, 2024. The interim dividends were paid on September 27, 2024.

The final dividends of RMB6.00 per 10 shares (tax inclusive) aggregating approximately RMB248,946,000 in respect of the year ended December 31, 2024 were approved at the Company’s 2024 annual general meeting held on May 14, 2025. The Group had not recognised such dividends as a liability as at December 31, 2024. The final dividends were paid on May 27, 2025.

The final dividends of RMB6.00 per 10 shares (tax inclusive) aggregating approximately RMB248,946,000 in respect of the year ended December 31, 2025 were approved at the Company’s 2025 annual general meeting held on April 20, 2026. The Group had not recognised such dividends as a liability as at December 31, 2025. The final dividends were paid on May 14, 2026.

13. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				<i>(Unaudited)</i>	
Profit attributable to owners of the Company used in calculating basic EPS (<i>RMB'000</i>) . . .	387,518	462,280	704,594	274,678	430,981
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	373,410	390,701	414,910	414,910	414,910
Basic and diluted EPS (<i>RMB per share</i>)	1.04	1.18	1.70	0.66	1.04

Since there were no dilutive potential ordinary shares for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the diluted EPS is equal to the basic EPS.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Transportation equipment	Office equipment and others	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023					
Cost	20,268	1,128	24,519	31,027	76,942
Accumulated depreciation	(7,217)	(793)	(11,763)	(11,482)	(31,255)
Net carrying amount	13,051	335	12,756	19,545	45,687
Year ended December 31, 2023					
Opening net carrying amount	13,051	335	12,756	19,545	45,687
Additions	5,501	1,000	6,046	4,540	17,087
Disposals	(219)	–	(299)	–	(518)
Depreciation	(2,536)	(319)	(5,358)	(6,706)	(14,919)
Closing net carrying amount	15,797	1,016	13,145	17,379	47,337
As at December 31, 2023					
Cost	24,622	1,641	29,933	35,567	91,763
Accumulated depreciation	(8,825)	(625)	(16,788)	(18,188)	(44,426)
Net carrying amount	15,797	1,016	13,145	17,379	47,337
Year ended December 31, 2024					
Opening net carrying amount	15,797	1,016	13,145	17,379	47,337
Additions	5,963	183	7,784	7,674	21,604
Disposals	(102)	–	–	–	(102)
Depreciation	(2,959)	(410)	(5,683)	(8,046)	(17,098)
Closing net carrying amount	18,699	789	15,246	17,007	51,741

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	Machinery and equipment	Transportation equipment	Office equipment and others	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2024					
Cost	30,384	1,824	37,652	43,241	113,101
Accumulated depreciation	(11,685)	(1,035)	(22,406)	(26,234)	(61,360)
Net carrying amount	18,699	789	15,246	17,007	51,741
Year ended December 31, 2025					
Opening net carrying amount	18,699	789	15,246	17,007	51,741
Additions	8,441	64	11,808	9,900	30,213
Disposals	(16)	(13)	(181)	–	(210)
Depreciation	(3,555)	(358)	(7,334)	(6,873)	(18,120)
Closing net carrying amount	23,569	482	19,539	20,034	63,624
As at December 31, 2025					
Cost	38,559	1,846	49,193	53,141	142,739
Accumulated depreciation	(14,990)	(1,364)	(29,654)	(33,107)	(79,115)
Net carrying amount	23,569	482	19,539	20,034	63,624
Six months ended June 30, 2026					
Opening net carrying amount	23,569	482	19,539	20,034	63,624
Additions	5,251	64	24,991	10,920	41,226
Depreciation	(2,014)	(158)	(5,797)	(4,646)	(12,615)
Closing net carrying amount	26,806	388	38,733	26,308	92,235
As at June 30, 2026					
Cost	43,789	1,910	74,162	64,061	183,922
Accumulated depreciation	(16,983)	(1,522)	(35,429)	(37,753)	(91,687)
Net carrying amount	26,806	388	38,733	26,308	92,235

Notes:

- (a) Depreciation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Cost of sales	1,683	2,052	3,051	1,385	1,873
Research and development expenses	3,411	4,068	4,579	2,154	3,391
General and administrative expenses	9,106	9,922	9,783	4,882	6,911
Selling expenses	719	1,056	707	326	440
	14,919	17,098	18,120	8,747	12,615

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The Company

	Machinery and equipment	Transportation equipment	Office equipment and others	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023					
Cost	7,255	639	18,474	20,792	47,160
Accumulated depreciation	(2,515)	(551)	(9,956)	(7,281)	(20,303)
Net carrying amount	4,740	88	8,518	13,511	26,857
Year ended December 31, 2023					
Opening net carrying amount	4,740	88	8,518	13,511	26,857
Additions	1,522	1,000	4,297	3,343	10,162
Disposals	(79)	–	(12)	–	(91)
Depreciation	(1,091)	(218)	(4,010)	(4,357)	(9,676)
Closing net carrying amount	5,092	870	8,793	12,497	27,252
As at December 31, 2023					
Cost	8,587	1,151	22,735	24,135	56,608
Accumulated depreciation	(3,495)	(281)	(13,942)	(11,638)	(29,356)
Net carrying amount	5,092	870	8,793	12,497	27,252
Year ended December 31, 2024					
Opening net carrying amount	5,092	870	8,793	12,497	27,252
Additions	632	–	5,987	3,421	10,040
Disposals	(97)	–	–	–	(97)
Depreciation	(1,021)	(280)	(4,120)	(5,584)	(11,005)
Closing net carrying amount	4,606	590	10,660	10,334	26,190
As at December 31, 2024					
Cost	9,037	1,152	28,673	27,556	66,418
Accumulated depreciation	(4,431)	(562)	(18,013)	(17,222)	(40,228)
Net carrying amount	4,606	590	10,660	10,334	26,190
Year ended December 31, 2025					
Opening net carrying amount	4,606	590	10,660	10,334	26,190
Additions	1,713	–	8,033	2,710	12,456
Disposals	–	–	(24)	–	(24)
Depreciation	(953)	(278)	(5,403)	(4,161)	(10,795)
Closing net carrying amount	5,366	312	13,266	8,883	27,827
As at December 31, 2025					
Cost	10,750	1,152	36,680	30,266	78,848
Accumulated depreciation	(5,384)	(840)	(23,414)	(21,383)	(51,021)
Net carrying amount	5,366	312	13,266	8,883	27,827
Six months ended June 30, 2026					
Opening net carrying amount	5,366	312	13,266	8,883	27,827
Additions	1,363	–	23,280	6,960	31,603
Depreciation	(414)	(124)	(4,418)	(2,920)	(7,876)
Closing net carrying amount	6,315	188	32,128	12,923	51,554
As at June 30, 2026					
Cost	12,113	1,152	59,960	37,226	110,451
Accumulated depreciation	(5,798)	(964)	(27,832)	(24,303)	(58,897)
Net carrying amount	6,315	188	32,128	12,923	51,554

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ACCOUNTANTS’ REPORT

15. LEASES

The Group as a lessee

The Group has lease contracts for buildings used in its operations. Leases of buildings generally have lease terms between 2 to 10 years.

The Group

(a) Right-of-use assets

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

	Buildings
	<i>RMB’000</i>
As at January 1, 2023	141,296
Additions	10,339
Depreciation	(35,056)
Lease modification	(319)
As at December 31, 2023	116,260
As at January 1, 2024	116,260
Additions	26,147
Depreciation	(35,345)
Lease modification	(598)
As at December 31, 2024	106,464
As at January 1, 2025	106,464
Additions	65,362
Depreciation	(39,326)
Lease modification	(930)
As at December 31, 2025	131,570
As at January 1, 2026	131,570
Additions	26,578
Depreciation	(22,376)
Lease modification	(146)
As at June 30, 2026	135,626

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Depreciation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Cost of sales	3,209	2,848	4,440	2,973	3,795
Research and development expenses	2,241	3,560	3,949	1,680	2,296
General and administrative expenses	29,606	24,593	25,790	13,024	14,262
Selling expenses	–	4,344	5,147	1,138	2,023
	<u>35,056</u>	<u>35,345</u>	<u>39,326</u>	<u>18,815</u>	<u>22,376</u>

(b) Lease liabilities

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total minimum lease payments	148,105	135,312	161,288	166,184
Future interest expense on lease liabilities	(21,036)	(17,074)	(14,074)	(13,186)
	<u>127,069</u>	<u>118,238</u>	<u>147,214</u>	<u>152,998</u>
Current	31,887	22,698	40,499	47,262
Non-current	95,182	95,540	106,715	105,736
	<u>127,069</u>	<u>118,238</u>	<u>147,214</u>	<u>152,998</u>

The maturity analysis of lease liabilities is disclosed in Note 37 to the Historical Financial Information.

(c) The amounts recognised in the consolidated statements of comprehensive income in relation to leases are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Interest expenses	6,915	5,909	6,359	3,136	3,258
Depreciation of right-of-use assets	35,056	35,345	39,326	18,815	22,376
Expense relating to short-term leases and leases of low-value assets	1,222	2,383	3,445	1,538	1,765
	<u>43,193</u>	<u>43,637</u>	<u>49,130</u>	<u>23,489</u>	<u>27,399</u>

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The Company

(a) Right-of-use assets

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

	Buildings
	<i>RMB'000</i>
As at January 1, 2023	24,226
Additions	636
Depreciation	(11,258)
Lease modification	(554)
As at December 31, 2023	<u>13,050</u>
As at January 1, 2024	<u>13,050</u>
Additions	3,697
Depreciation	(11,604)
Lease modification	(1,079)
As at December 31, 2024	<u>4,064</u>
As at January 1, 2025	<u>4,064</u>
Additions	46,766
Depreciation	(11,513)
Lease modification	(14,215)
As at December 31, 2025	<u>25,102</u>
As at January 1, 2026	<u>25,102</u>
Additions	5,303
Depreciation	(6,231)
As at June 30, 2026	<u>24,174</u>

(b) Lease liabilities

	As at December 31,			As at
	2023	2024	2025	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total minimum lease payments	22,006	6,619	38,210	34,190
Future interest expense on lease liabilities	(677)	(204)	(1,320)	(986)
	<u>21,329</u>	<u>6,415</u>	<u>36,890</u>	<u>33,204</u>
Current	18,183	4,271	16,578	18,374
Non-current	3,146	2,144	20,312	14,830
	<u>21,329</u>	<u>6,415</u>	<u>36,890</u>	<u>33,204</u>

The Group as a lessor

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

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16. INTANGIBLE ASSETS

The Group

	Software
	<i>RMB'000</i>
As at January 1, 2023	
Cost	5,071
Accumulated amortisation	(1,667)
Net carrying amount	<u>3,404</u>
Year ended December 31, 2023	
Opening net carrying amount	3,404
Additions	2,832
Amortisation	(778)
Closing net carrying amount	<u>5,458</u>
As at December 31, 2023	
Cost	7,903
Accumulated amortisation	(2,445)
Net carrying amount	<u>5,458</u>
Year ended December 31, 2024	
Opening net carrying amount	5,458
Additions	4,482
Amortisation	(1,071)
Closing net carrying amount	<u>8,869</u>
As at December 31, 2024	
Cost	12,385
Accumulated amortisation	(3,516)
Closing net carrying amount	<u>8,869</u>
Year ended December 31, 2025	
Opening net carrying amount	8,869
Additions	3,797
Amortisation	(1,489)
Closing net carrying amount	<u>11,177</u>
As at December 31, 2025	
Cost	16,182
Accumulated amortisation	(5,005)
Closing net carrying amount	<u>11,177</u>
Six months ended June 30, 2026	
Opening net carrying amount	11,177
Additions	2,593
Amortisation	(886)
Closing net carrying amount	<u>12,884</u>
As at June 30, 2026	
Cost	18,775
Accumulated amortisation	(5,891)
Closing net carrying amount	<u>12,884</u>

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Note:

Amortisation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>	
Cost of sales	45	140	186	94	107
Research and development expenses	354	478	584	268	374
General and administrative expenses	367	434	663	291	376
Selling expenses	12	19	56	27	29
	<u>778</u>	<u>1,071</u>	<u>1,489</u>	<u>680</u>	<u>886</u>

The Company

	<u>Software</u>
	<i>RMB’000</i>
As at January 1, 2023	
Cost	3,783
Accumulated amortisation	(1,139)
Net carrying amount	<u>2,644</u>
Year ended December 31, 2023	
Opening net carrying amount	2,644
Additions	1,686
Amortisation	(469)
Closing net carrying amount	<u>3,861</u>
As at December 31, 2023	
Cost	5,469
Accumulated amortisation	(1,608)
Net carrying amount	<u>3,861</u>
Year ended December 31, 2024	
Opening net carrying amount	3,861
Additions	2,658
Amortisation	(690)
Closing net carrying amount	<u>5,829</u>
As at December 31, 2024	
Cost	8,127
Accumulated amortisation	(2,298)
Closing net carrying amount	<u>5,829</u>
Year ended December 31, 2025	
Opening net carrying amount	5,829
Additions	2,577
Amortisation	(972)
Closing net carrying amount	<u>7,434</u>
As at December 31, 2025	
Cost	10,704
Accumulated amortization	(3,270)
Closing net carrying amount	<u>7,434</u>

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	Software
	<i>RMB’000</i>
Six months ended June 30, 2026	
Opening net carrying amount	7,434
Additions	2,196
Amortisation	(589)
Closing net carrying amount	9,041
As at June 30, 2026	
Cost	12,900
Accumulated amortisation	(3,859)
Closing net carrying amount	9,041

17. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at December 31,			As at
	2023	2024	2025	June 30,
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current				
– Transferrable large denomination certificates of deposits (<i>Note (a)</i>)	–	333,447	–	–
Current				
– Transferrable large denomination certificates of deposits (<i>Note (a)</i>)	–	50,226	50,797	–
– Structured deposits and bank wealth management products (“WMPs”) (<i>Note (b)</i>)	–	691,314	380,516	110,152
	–	741,540	431,313	110,152

Notes:

- (a) The management classified transferable large denomination certificates of deposits as financial assets at FVTPL as the Group’s holding purpose is neither to collect contractual cash flows, nor to hold them for both collecting contractual cash flows and selling financial assets.
- (b) Structured deposits and bank WMPs are mainly managed by reputable banks in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

The structured deposits and bank WMPs are classified as current assets as the Group expects to realize these financial assets within twelve months after each reporting period.

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18. FINANCIAL ASSETS AT FVTOCI

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity instruments (<i>Note</i>)	–	–	16,010	18,430

Note:

These investments are not held for trading purpose, instead, they are held for long-term strategic purposes. The management of the Company has elected to designate these investments as measured at FVTOCI as they believe that recognising short-term fair value fluctuations of these instruments in profit or loss would not be consistent with the Group’s strategy of holding these instruments for long-term purposes and realising their performance potential in the long run.

19. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	99,525	131,086	285,010	525,202
Work in progress	5,194	6,227	12,649	16,575
Finished goods	935,289	1,150,667	1,771,401	1,995,136
	1,040,008	1,287,980	2,069,060	2,536,913
Less: provision for impairment (<i>Note</i>)	(44,158)	(53,338)	(68,545)	(79,193)
	995,850	1,234,642	2,000,515	2,457,720

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	30,966	46,379	162,831	361,796
Finished goods	406,207	511,542	550,392	473,711
	437,173	557,921	713,223	835,507
Less: provision for impairment (<i>Note</i>)	(12,976)	(25,473)	(33,505)	(31,598)
	424,197	532,448	679,718	803,909

Note:

Inventories are stated at the lower of cost and net realizable value at the end of each reporting period. The net realizable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group and the Company make the best estimate on the net realizable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

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20. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	144,572	103,674	365,416	509,799
Bills receivables	–	1,269	991	294
Less: allowance for impairment	(7,235)	(5,293)	(19,569)	(26,763)
	<u>137,337</u>	<u>99,650</u>	<u>346,838</u>	<u>483,330</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables				
– Due from subsidiaries	198,394	152,955	755,391	1,265,690
– Due from other parties	72,569	10,546	101,861	120,495
	<u>270,963</u>	<u>163,501</u>	<u>857,252</u>	<u>1,386,185</u>
Less: allowance for impairment	(3,635)	(566)	(5,287)	(6,219)
	<u>267,328</u>	<u>162,935</u>	<u>851,965</u>	<u>1,379,966</u>

The credit period granted to customers is generally within 90 days during the Track Record Period.

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

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	144,437	101,913	363,510	508,394
Over 1 year but within 2 years	135	1,652	1,702	1,139
Over 2 years but within 3 years	–	109	204	159
Over 3 years	–	–	–	107
	<u>144,572</u>	<u>103,674</u>	<u>365,416</u>	<u>509,799</u>

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The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	219,090	163,168	832,633	1,308,776
Over 1 year but within 2 years	51,873	224	24,415	77,205
Over 2 years but within 3 years	–	109	204	97
Over 3 years	–	–	–	107
	<u>270,963</u>	<u>163,501</u>	<u>857,252</u>	<u>1,386,185</u>

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the aging of bills receivables are all within one year.

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

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period	3,285	7,235	5,293	19,569
Impairment recognised/(reversed), net	3,959	(1,774)	14,276	7,194
Written off	(9)	(168)	–	–
At the end of the year/period.	<u>7,235</u>	<u>5,293</u>	<u>19,569</u>	<u>26,763</u>

The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period	1,266	3,635	566	5,287
Impairment recognised/(reversed), net	2,369	(3,069)	4,721	932
At the end of the year/period.	<u>3,635</u>	<u>566</u>	<u>5,287</u>	<u>6,219</u>

Detailed information on the impairment of trade receivables and the Group’s exposure to credit risk is set out in Note 37.

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21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayment for acquisition of long-term assets and services	6,456	4,632	9,287	7,792
Prepayment for acquisition of a subsidiary	–	–	–	106,000
Long-term receivables	297	604	1,094	862
	<u>6,753</u>	<u>5,236</u>	<u>10,381</u>	<u>114,654</u>
Current				
Other receivables				
– Deposits receivables	15,622	18,594	52,769	98,944
– Tax rebate receivables	–	–	174,988	–
– Others	2,397	3,459	15,585	14,558
Less: allowance for impairment	(970)	(1,103)	(3,469)	(5,771)
	<u>17,049</u>	<u>20,950</u>	<u>239,873</u>	<u>107,731</u>
Value added tax (“VAT”) recoverable	56,607	75,401	134,392	166,170
Prepayments for materials and services	26,565	22,791	62,142	70,316
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Right of return assets	4,248	4,684	10,073	15,263
Others	8,389	11,207	16,745	23,977
	<u>120,752</u>	<u>135,033</u>	<u>471,694</u>	<u>406,370</u>

The information about the credit risk exposure on the Group’s other receivables is disclosed in Note 37.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayment for acquisition of long-term assets and services	3,837	3,059	5,861	4,215
Prepayment for acquisition of a subsidiary	–	–	–	106,000
Amounts due from subsidiaries	6,318	1,961	26,105	22,921
	<u>10,155</u>	<u>5,020</u>	<u>31,966</u>	<u>133,136</u>
Current				
Other receivables				
– Amounts due from subsidiaries	54,123	11,152	81,168	25,154
– Amounts due from other parties				
– Deposits receivables	7,064	7,888	35,529	70,323
– Others	1,556	2,455	4,820	7,125
Less: allowance for impairment	(500)	(518)	(2,068)	(3,966)
	<u>62,243</u>	<u>20,977</u>	<u>119,449</u>	<u>98,636</u>
VAT recoverable	8,379	8,053	8,378	8,317
Prepayments for materials and services	21,512	20,047	44,967	45,093
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Right of return assets	874	710	1,172	2,049
Advance to subsidiaries for purchase of goods . .	14,204	8,440	11,462	12,119
Others	4,659	5,673	9,759	15,115
	<u>119,765</u>	<u>63,900</u>	<u>203,656</u>	<u>204,242</u>

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The movements in the impairment allowance for other receivables are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	1,175	970	1,103	3,469
Impairment (reversed)/recognized, net	(130)	133	2,368	2,303
Written off	(75)	–	(2)	(1)
At the end of the year/period	970	1,103	3,469	5,771

The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	634	500	518	2,068
Impairment (reversed)/recognized, net	(134)	18	1,550	1,898
At the end of the year/period	500	518	2,068	3,966

22. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	90	140	125	227
Cash in bank	992,224	1,142,598	1,386,404	1,173,511
	992,314	1,142,738	1,386,529	1,173,738

Denominated in:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	882,526	1,004,590	1,158,443	813,885
United States Dollar (“USD”)	71,559	64,007	155,847	156,475
Euro (“EUR”)	5,445	6,383	8,551	92,528
Mexican Peso (“MXN”)	10,076	29,903	4,927	1,891
Japanese Yen (“JPY”)	10,095	16,985	14,516	36,068
Pound Sterling	3,692	11,050	6,985	17,182
Others	8,921	9,820	37,260	55,709
	992,314	1,142,738	1,386,529	1,173,738

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RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	20	2	1	16
Cash in bank	860,777	965,360	1,075,509	695,075
	<u>860,797</u>	<u>965,362</u>	<u>1,075,510</u>	<u>695,091</u>

Denominated in:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	832,355	964,295	1,045,737	693,309
USD	28,437	1,067	29,773	1,782
Others	5	—	—	—
	<u>860,797</u>	<u>965,362</u>	<u>1,075,510</u>	<u>695,091</u>

(b) Restricted bank deposits

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Pledged cash balances for letter of credit	—	—	7,029	27,244
	<u>—</u>	<u>—</u>	<u>7,029</u>	<u>27,244</u>

Note:

As at December 31, 2025 and June 30, 2026, the restricted bank deposits of the Group are denominated in USD. The deposits were held at bank as security deposits for letter of credit.

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23. DEFERRED INCOME TAX

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

The Group

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	51,668	62,171	83,276	102,308
Offset by deferred tax liabilities	(25,414)	(26,597)	(31,040)	(31,036)
Net deferred tax assets	26,254	35,574	52,236	71,272
Deferred tax liabilities	25,414	26,597	31,040	31,036
Offset by deferred tax assets	(25,414)	(26,597)	(31,040)	(31,036)
Net deferred tax liabilities	—	—	—	—

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision	Tax losses	Unrealised profit on intra-group transactions	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	7,914	3,771	7,037	1,650	43	20,415
Credited to profit or loss	1,342	829	3,214	25,852	16	31,253
As at December 31, 2023 and January 1, 2024	9,256	4,600	10,251	27,502	59	51,668
Credited to profit or loss	1,118	7,492	813	1,077	3	10,503
As at December 31, 2024 and January 1, 2025	10,374	12,092	11,064	28,579	62	62,171
Credited to profit or loss	5,867	1,562	7,646	5,741	289	21,105
As at December 31, 2025 and January 1, 2026	16,241	13,654	18,710	34,320	351	83,276
Credited to profit or loss	4,665	3,673	10,279	128	287	19,032
As at June 30, 2026	20,906	17,327	28,989	34,448	638	102,308

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(b) *Deferred tax liabilities*

The movements in deferred tax liabilities during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value changes of financial assets at FVTPL	Right-of-use assets	Fair value changes of financial assets at FVTOCI	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	–	–	–	–
Charged to profit or loss	–	25,414	–	25,414
As at December 31, 2023 and January 1, 2024	–	25,414	–	25,414
Charged to profit or loss	748	435	–	1,183
As at December 31, 2024 and January 1, 2025	748	25,849	–	26,597
(Credited)/charged to profit or loss	(601)	4,893	–	4,292
Charged to other comprehensive income	–	–	151	151
As at December 31, 2025 and January 1, 2026	147	30,742	151	31,040
Credited to profit or loss	(124)	(243)	–	(367)
Charged to other comprehensive income	–	–	363	363
As at June 30, 2026	23	30,499	514	31,036

(c) *Tax losses and deductible temporary differences with deferred tax assets not recognized*

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	–	–	29,196	33,468
Deductible temporary differences.	–	–	4,467	9,029
	–	–	33,663	42,497

The Group had unused tax losses of approximately RMB30,262,000, RMB73,065,000, RMB112,625,000 and RMB133,965,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, which are available for offset against future taxable profits. No deferred tax assets have been recognized in respect of these tax losses due to the unpredictability of future profit streams. Included in unrecognized tax losses are amounts of approximately nil, nil, RMB29,196,000 and RMB33,468,000, respectively.

Deductible tax losses in respect of which no deferred tax assets have been recognized will expire as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
2031	–	–	–	4,272
2032	–	–	154	154
2033	–	–	1,547	1,547
2034	–	–	18,214	18,214
2035	–	–	9,281	9,281
	–	–	29,196	33,468

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The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	4,878	5,005	11,758	11,472
Offset by deferred tax liabilities	(1,958)	(1,652)	(5,729)	(5,352)
Net deferred tax assets	2,920	3,353	6,029	6,120
Deferred tax liabilities	1,958	1,652	5,729	5,352
Offset by deferred tax assets	(1,958)	(1,652)	(5,729)	(5,352)
Net deferred tax liabilities	–	–	–	–

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	2,889	3,910	43	6,842
(Charged)/credited to profit or loss	(322)	(1,658)	16	(1,964)
As at December 31, 2023 and January 1, 2024	2,567	2,252	59	4,878
Credited/(charged) to profit or loss	1,417	(1,290)	–	127
As at December 31, 2024 and January 1, 2025	3,984	962	59	5,005
Credited to profit or loss	2,145	4,572	36	6,753
As at December 31, 2025 and January 1, 2026	6,129	5,534	95	11,758
Credited/(charged) to profit or loss	139	(554)	129	(286)
As at June 30, 2026	6,268	4,980	224	11,472

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value changes of financial assets at FVTPL	Fair value changes of financial assets at FVTOCI	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	–	–	3,634	3,634
Charged to profit or loss	–	–	(1,676)	(1,676)
As at December 31, 2023 and January 1, 2024	–	–	1,958	1,958
Charged to profit or loss	748	–	(1,054)	(306)
As at December 31, 2024 and January 1, 2025	748	–	904	1,652
(Credited)/charged to profit or loss	(601)	–	4,527	3,926
Charged to other comprehensive income	–	151	–	151
As at December 31, 2025 and January 1, 2026	147	151	5,431	5,729
Credited to profit or loss	(124)	–	(616)	(740)
Charged to other comprehensive income	–	363	–	363
As at June 30, 2026	23	514	4,815	5,352

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24. TRADE PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	355,794	554,094	805,578	775,042

The carrying amounts of the Group’s trade payables approximated their fair values as at the end of the reporting periods.

The credit period granted by suppliers is generally within 90 days.

The ageing analysis of the Group’s trade payables as at December 31, 2023, 2024 and 2025 and June 30, 2026 based on the recognition date is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	355,568	553,737	805,420	775,031
Over 1 year but within 2 years	31	185	86	4
Over 2 years but within 3 years	152	4	22	7
Over 3 years	43	168	50	–
	355,794	554,094	805,578	775,042

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables				
– Due to subsidiaries	26,206	27,495	18,828	16,802
– Due to other parties	165,031	241,186	258,609	247,554
	191,237	268,681	277,437	264,356

The ageing analysis of the Company’s trade payables as at December 31, 2023, 2024 and 2025 and June 30, 2026 based on the recognition date is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	191,103	268,561	277,364	264,356
Over 1 year but within 2 years	16	2	21	–
Over 2 years but within 3 years	118	–	2	–
Over 3 years	–	118	50	–
	191,237	268,681	277,437	264,356

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25. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advance payments from customers	33,969	61,959	95,066	111,290

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advance payments from customers				
– Advance from subsidiaries	–	9,000	659	–
– Advance from other parties	12,618	14,545	22,270	19,742
	12,618	23,545	22,929	19,742

Contract liabilities of the Group and the Company mainly comprise advance payments from customers for goods which are normally settled upon delivery of the related products.

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	97,082	123,877	206,219	205,501
Deposits received	1,793	1,000	11,180	12,144
Other tax liabilities	17,940	43,540	126,819	117,573
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued other expenses	12,566	31,320	53,054	64,455
Others	67	545	870	683
	129,448	200,282	402,303	402,444

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	79,445	104,342	172,398	175,564
Deposits received	1,163	570	10,253	10,889
Other tax liabilities	11,470	8,221	18,878	9,390
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued other expenses	5,660	7,025	10,708	13,940
Others	67	459	230	524
	97,805	120,617	216,628	212,395

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27. PROVISIONS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Warranties	—	—	3,814	4,889
Refund liabilities	9,380	12,617	20,963	35,667
Outstanding litigation	—	—	—	1,256
	<u>9,380</u>	<u>12,617</u>	<u>24,777</u>	<u>41,812</u>

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Refund liabilities	1,265	1,104	1,807	3,046
Outstanding litigation	—	—	—	496
	<u>1,265</u>	<u>1,104</u>	<u>1,807</u>	<u>3,542</u>

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

The Group

	Year ended December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period	4,705	9,380	12,617	24,777
Net provision during the year/period	4,675	3,237	12,160	17,035
At the end of the year/period	<u>9,380</u>	<u>12,617</u>	<u>24,777</u>	<u>41,812</u>

The Company

	Year ended December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period	861	1,265	1,104	1,807
Net provision/(utilization) during the year/period	404	(161)	703	1,735
At the end of the year/period	<u>1,265</u>	<u>1,104</u>	<u>1,807</u>	<u>3,542</u>

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28. SHARE CAPITAL

The Group and the Company

	As at December 31,			As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Share capital	373,410	414,910	414,910	414,910

The changes in the Company’s authorised, issued and fully paid share capital are as follows:

	Number of shares	Share capital
	'000	RMB'000
Ordinary shares of RMB1 each		
As at January 1, 2023, December 31, 2023 and January 1, 2024	373,410	373,410
Issue of shares (<i>Note</i>)	41,500	41,500
As at December 31, 2024, January 1, 2025, December 31, 2025, January 1, 2026, June 30, 2025 (<i>unaudited</i>) and June 30, 2026	414,910	414,910

Note:

The Company completed its initial public offering of 41,500,000 ordinary A shares on the Shenzhen Stock Exchange on July 26, 2024 at RMB21.21 per share (face value of RMB1.00 each). The excess of issue price to face value net of expenses were credited to capital reserves.

29. SHARE-BASED EMPLOYEE COMPENSATIONS

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

	Year ended December 31,			Six months ended	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity settled share-based payment expenses	18,933	40,274	27,503	20,223	2,508

(b) Share incentive schemes

In July 2020, the shareholders approved an Employee Share Ownership Plan (“**ESOP A Plan**”) which proposes to grant certain incentive shares of the Company to certain directors, executives and employees (the “**Grantees**”) in the form of a capital increase.

In July 2020, Shenzhen Ugreen Heshun Management Consulting Partnership (Limited Partnership) was incorporated in the PRC under the Company Law of the PRC as a vehicle for holding ordinary shares (“**Restricted Shares**”) for the Grantees of the Company, pursuant to ESOP A Plan. 668,721 equity shares were granted to the Grantees under the ESOP A Plan through an equity transfer with a vesting commencement date of July 2020. These awards were made at a consideration of RMB14.9539 per share and included a service period condition as follow: from grant date until 1 year of service from the date of successful listing.

In May 2021, pursuant to the resolution of the general meeting of shareholders, all shareholders (including the Grantees under the ESOP A Plan) of the Company converted their equity into the Company’s total share capital of 250,000,000 shares. Among them, the shares granted under the ESOP A Plan were converted into 12,500,000 shares from 668,721 shares. The conversion had been completed in June 2021.

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In June 2021, the shareholders approved an Employee Share Ownership Plan (“**ESOP B Plan**”) which proposes to grant certain incentive shares of the Company to Grantees in the form of a capital increase.

In February 2021, Shenzhen Heshun II Management Consulting Partnership Enterprise (Limited Partnership), Shenzhen Heshun III Management Consulting Partnership Enterprise (Limited Partnership) and Shenzhen Heshun IV Management Consulting Partnership Enterprise (Limited Partnership) were incorporated in the PRC under the Company Law of the PRC as vehicles for holding Restricted Shares for the Grantees of the Company, pursuant to ESOP B Plan. 3,385,226 equity shares were granted to the Grantees under the ESOP B Plan through an equity transfer with a vesting commencement date of June 2021. These awards were made at a consideration of RMB1.973 per share and included a service period condition as follow: from grant date until 1 year of service from the date of successful listing.

In July 2021, the extraordinary general meeting of shareholders resolved to implement a conversion from share premium to share capital for all shareholders, including the Grantees under both the ESOP A and ESOP B Plans, based on the share premium as of June 30, 2021, with a ratio of 4 shares for every 10 existing shares. After the conversion, the share number under the ESOP A Plan increased to 17,500,000 shares, and that under the ESOP B Plan increased to 4,739,316 shares.

In March 2022, the shareholders approved an Employee Share Ownership Plan (“**ESOP C Plan**”) which proposes to grant certain incentive shares of the Company to certain Grantees at a later date by way of transfer of shares held by Mr. Zhang.

In February and March 2022, Shenzhen Heshun V Management Consulting Partnership Enterprise (Limited Partnership), Shenzhen Heshun VI Management Consulting Partnership Enterprise (Limited Partnership), Shenzhen Heshun VII Management Consulting Partnership Enterprise (Limited Partnership) and Shenzhen Heshun VIII Management Consulting Partnership Enterprise (Limited Partnership) were incorporated in the PRC under the Company Law of the PRC as vehicles for holding Restricted Shares for the Grantees of the Company, pursuant to ESOP C Plan. 2,778,000 equity shares were granted to the Grantees under the ESOP C Plan through an equity transfer with a vesting commencement date of March 2022. These awards were made at a consideration of RMB2.80 per share and included a service period condition as follow: from grant date until 3 years of service from the date of successful listing.

Set out below are the movements in the number of awarded restricted shares under the ESOP plans A, B and C:

	ESOP A Plan	ESOP B Plan	ESOP C Plan
	<i>'000</i>	<i>'000</i>	<i>'000</i>
As at January 1, 2023	17,500	4,739	2,433
Granted	–	114	–
Forfeited	–	(114)	(283)
As at December 31, 2023	<u>17,500</u>	<u>4,739</u>	<u>2,150</u>
As at January 1, 2024	17,500	4,739	2,150
Granted	–	25	–
Forfeited	–	(25)	(111)
As at December 31, 2024	<u>17,500</u>	<u>4,739</u>	<u>2,039</u>
As at January 1, 2025	17,500	4,739	2,039
Granted	–	71	–
Forfeited	–	(71)	(15)
Exercised	(17,290)	(4,668)	–
As at December 31, 2025, January 1, 2026 and June 30, 2026	<u>210</u>	<u>71</u>	<u>2,024</u>
As at January 1, 2025	17,500	4,739	2,039
Forfeited (<i>unaudited</i>)	–	–	(15)
As at June 30, 2025 (<i>unaudited</i>)	<u>17,500</u>	<u>4,739</u>	<u>2,024</u>

The share-based payment expense was determined based on the fair value and grant price at the grant date and other related estimates.

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30. RESERVES

The Group

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

The Company

	Capital reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	285,789	53,569	–	435,294	774,652
Profit for the year	–	–	–	358,705	358,705
Total comprehensive income for the year	–	–	–	358,705	358,705
Appropriation of statutory reserve	–	35,871	–	(35,871)	–
Share-based payment expenses	18,933	–	–	–	18,933
As at December 31, 2023	304,722	89,440	–	758,128	1,152,290
As at January 1, 2024	304,722	89,440	–	758,128	1,152,290
Profit for the year	–	–	–	549,954	549,954
Total comprehensive income for the year	–	–	–	549,954	549,954
Appropriation of statutory reserve	–	54,995	–	(54,995)	–
Dividends declared	–	–	–	(124,474)	(124,474)
Share-based payment expenses	40,274	–	–	–	40,274
Issue of shares	730,736	–	–	–	730,736
As at December 31, 2024	1,075,732	144,435	–	1,128,613	2,348,780
As at January 1, 2025	1,075,732	144,435	–	1,128,613	2,348,780
Profit for the year	–	–	–	658,247	658,247
Other comprehensive income for the year	–	–	859	–	859
Total comprehensive income for the year	–	–	859	658,247	659,106
Appropriation of statutory reserve	–	63,020	–	(63,020)	–
Share-based payment expenses	27,503	–	–	–	27,503
Dividends declared	–	–	–	(248,946)	(248,946)
As at December 31, 2025	1,103,235	207,455	859	1,474,894	2,786,443

	Capital reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	1,075,732	144,435	–	1,128,613	2,348,780
Profit for the period (unaudited)	–	–	–	302,828	302,828
Total comprehensive income for the period (unaudited)	–	–	–	302,828	302,828
Share-based payment expenses (unaudited)	20,223	–	–	–	20,223
Dividends declared (unaudited)	–	–	–	(248,946)	(248,946)
As at June 30, 2025 (unaudited)	1,095,955	144,435	–	1,182,495	2,422,885
As at January 1, 2026	1,103,235	207,455	859	1,474,894	2,786,443
Profit for the period	–	–	–	337,456	337,456
Other comprehensive income for the period	–	–	2,057	–	2,057
Total comprehensive income for the period	–	–	2,057	337,456	339,513
Share-based payment expenses	2,508	–	–	–	2,508
Dividends declared	–	–	–	(248,946)	(248,946)
As at June 30, 2026	1,105,743	207,455	2,916	1,563,404	2,879,518

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31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

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

	Lease liabilities	Dividends payable	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at December 31, 2022 and January 1, 2023	149,745	–	149,745
Cash flows	(40,047)	–	(40,047)
Interest expense	6,915	–	6,915
New leases and modification	10,020	–	10,020
Other non-cash movement	436	–	436
As at December 31, 2023 and January 1, 2024	127,069	–	127,069
Cash flows	(43,653)	(124,474)	(168,127)
Interest expense	5,909	–	5,909
New leases and modification	25,549	–	25,549
Dividends declared	–	124,474	124,474
Other non-cash movement	3,364	–	3,364
As at December 31, 2024 and January 1, 2025	118,238	–	118,238
Cash flows	(45,937)	(248,946)	(294,883)
Interest expense	6,359	–	6,359
New leases and modification	64,432	–	64,432
Dividends declared	–	248,946	248,946
Other non-cash movement	4,122	–	4,122
As at December 31, 2025 and January 1, 2026	147,214	–	147,214
Cash flows	(24,932)	(248,946)	(273,878)
Interest expense	3,258	–	3,258
New leases and modification	26,432	–	26,432
Dividends declared	–	248,946	248,946
Other non-cash movement	1,026	–	1,026
As at June 30, 2026	152,998	–	152,998
As at January 1, 2025	118,238	–	118,238
Cash flows (<i>unaudited</i>)	(20,457)	(248,946)	(269,403)
Interest expense (<i>unaudited</i>)	3,136	–	3,136
New leases and modification (<i>unaudited</i>)	50,061	–	50,061
Dividends declared (<i>unaudited</i>)	–	248,946	248,946
Other non-cash movement (<i>unaudited</i>)	564	–	564
As at June 30, 2025 (<i>unaudited</i>)	151,542	–	151,542

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Unlisted investments, at cost	38,558	44,672	44,672	44,672

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As at the date of this report, the Company’s principal subsidiaries are as follows:

			Effective interest held by the Company					
Name of entity	Place of incorporation/ operation	Registered share capital	As at December 31,			As at June 30,	As at the date of this report	Principal activities
			2023	2024	2025	2026		
Directly held:								
Shenzhen Ugreen Trading Ltd. <i>(Note (b), (i))</i>	The PRC	RMB5,000,000	100%	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Industrial Co., Ltd. <i>(Note (b), (f))</i>	The PRC	RMB5,000,000	100%	100%	100%	100%	100%	Product sales
Ugreen Import & Export Co., Ltd. <i>(Note (b), (i))</i>	The PRC	RMB1,000,000	100%	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Intelligent Storage Co., Ltd. <i>(Note (b), (f))</i>	The PRC	RMB1,000,000	100%	100%	100%	100%	100%	Product sales
Wuhan Ugreen E-commerce Co., Ltd. <i>(Note (b), (h), (i))</i>	The PRC	RMB1,000,000	N/A	100%	100%	100%	100%	After sales services
Shenzhen Zhize Technology Co., Ltd. <i>(Note (b), (i))</i>	The PRC	RMB10,000,000	60%	60%	60%	60%	60%	Research and development (“R&D”) and manufacturing of product
Shenzhen Haiying Zhilian Industrial Co., Ltd. <i>(Note (b), (i))</i>	The PRC	RMB1,666,700	70%	70%	70%	70%	70%	R&D and manufacturing of product
Dongguan Ugreen Supply Chain Co., Ltd. <i>(Note (b), (i))</i>	The PRC	RMB1,000,000	100%	100%	100%	100%	100%	Warehousing services
Hong Kong Ugreen Limited <i>(Note (c))</i>	Hong Kong	HKD100,000	100%	100%	100%	100%	100%	Product sales
Ugreen Group (Singapore) Pte. Ltd. <i>(Note (d))</i>	Singapore	USD30,000	N/A	100%	100%	100%	100%	Product sales
America Ugreen Limited <i>(Note (f))</i>	United States of America	USD10,000	100%	100%	100%	100%	100%	Product sales
Zhongzhi Real Estate (Shenzhen) Co., Ltd. (“Zhongzhi”) <i>(Note (n))</i>	The PRC	RMB200,000,000	N/A	N/A	N/A	N/A	100%	Property development
Indirectly held:								
Huizhou Zhize Technology Co., Ltd. <i>(Note (b), (i))</i>	The PRC	RMB10,000,000	60%	60%	60%	60%	60%	Manufacturing
Ji’an Haiying Technology Co., Ltd. <i>(Note (b), (h), (i))</i>	The PRC	RMB5,000,000	N/A	70%	70%	70%	70%	Manufacturing
Shenzhen Ugreen Preferred Selection Technology Co., Ltd. <i>(Note (b), (f))</i>	The PRC	RMB100,000	N/A	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Strict Selection Technology Co., Ltd. <i>(Note (b), (f))</i>	The PRC	RMB100,000	N/A	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Premium Selection Technology Co., Ltd. <i>(Note (b), (f))</i>	The PRC	RMB100,000	N/A	100%	100%	100%	100%	Product sales
PT Ugreen Group Indonesia <i>(Note (f))</i>	Indonesia	Indonesian Rupiah (“IDR”) 10,000,000,000	100%	100%	100%	100%	100%	Product sales
PT Ugreen Indonesia Trading <i>(Note (f))</i>	Indonesia	IDR10,000,000,000	100%	100%	100%	100%	100%	Product sales
Ugreen Japan Co. Ltd. <i>(Note (f))</i>	Japan	JPY90,000,000	100%	100%	100%	100%	100%	Product sales
Ugreen Group GmbH <i>(Note (f))</i>	Germany	EUR25,000	100%	100%	100%	100%	100%	Product sales
Ugreen Korea Co., Ltd. <i>(Note (f))</i>	Korea	Korean Won100,000,000	N/A	100%	100%	100%	100%	Product sales

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Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company					Principal activities
			As at December 31,			As at June 30,	As at the date of this report	
			2023	2024	2025	2026		
Ugreen Group Vietnam Company Limited (<i>Note (e)</i>)	Vietnam	USD100,000	N/A	100%	100%	100%	100%	Product sales
Ugreen Group (Malaysia) Sdn. Bhd. (<i>Note (f), (k)</i>)	Malaysia	Malaysian Ringgit1,000,000	N/A	100%	100%	100%	100%	Product sales
The Ugreen Mea Limited Technology – Fzco (<i>Note (f), (j)</i>)	United Arab Emirates	United Arab Emirates Dirham375,000	N/A	100%	100%	100%	100%	Product sales
Hongkong Zezk Technology Limited (<i>Note (g)</i>)	Hong Kong	HKD100,000	N/A	N/A	60%	60%	60%	Product sales
Haiying SmartLink (HK) Co. Limited (<i>Note (g), (l)</i>)	Hong Kong	HKD10,000	N/A	N/A	70%	70%	70%	Product sales
UGREEN BRAZIL LTDA (<i>Note (f), (g)</i>)	Brazil	Brazilian Reais850,000	N/A	N/A	100%	100%	100%	Product sales
UGREEN TRADING (THAILAND) CO., LTD. (<i>Note (m)</i>)	Thailand	Thai Baht100,000,000	N/A	N/A	N/A	100%	100%	Product sales
LVLIAN MÉXICO S.A. de C.V. (<i>Note (m)</i>)	Mexico	MXN50,000	N/A	N/A	N/A	100%	100%	Product sales
UGREEN GROUP (UK) LIMITED (<i>Note (m)</i>)	United Kingdom	Pound Sterling10,000	N/A	N/A	N/A	N/A	100%	Product sales

Notes:

- (a) The English name of the subsidiaries with Chinese names represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.
- (b) The financial statements of the entity for the years ended December 31, 2023 and 2024 were audited by RSM China CPA LLP.
- (c) The financial statements of the entity for the years ended December 31, 2023, 2024 and 2025 were audited by Shine Wise & Co. CPA.
- (d) No audited financial statements of this subsidiary for the year ended December 31, 2023 as it was newly incorporated in 2024. The financial statements of the entity for the years ended December 31, 2024 and 2025 were audited by OA Assurance PAC.
- (e) No audited financial statements of this subsidiary for the year ended December 31, 2023 as it was newly incorporated in 2024. The financial statements of the entity for the years ended December 31, 2024 and 2025 were audited by Crown Audit And Advisory Company Limited.
- (f) No audited financial statements of these subsidiaries for the years ended December 31, 2023, 2024 or 2025 as they were not required to issue audited financial statements under the statutory requirements.
- (g) No audited financial statements of these subsidiaries for the years ended December 31, 2023 or 2024 as they were newly incorporated in 2025.
- (h) No audited financial statements of these subsidiaries for the year ended December 31, 2023 as they were newly incorporated in 2024.
- (i) The financial statements of the entity for the year ended December 31, 2025 were audited by RSM China CPA LLP.
- (j) The financial statements of the entity for the year ended December 31, 2025 were audited by Tradex Auditing of Accounts L.L.C.
- (k) The financial statements of the entity for the year ended December 31, 2025 were audited by ABACUS MALAYSIA PLT.
- (l) The financial statements of the entity for the year ended December 31, 2025 were audited by Shine Wise & Co. CPA.
- (m) No audited financial statements of these subsidiaries for the years ended December 31, 2023, 2024 and 2025 as they were newly incorporated in 2026.

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- (n) In July 2026, the Group acquired 100% of the equity interest of Zhongzhi from an independent third party. The information about the acquisition is disclosed in Note 39.
- (o) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
- (p) All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted December 31, as their financial year end date.
- (q) Save as disclosed above, no audited financial statements have been prepared by the subsidiaries in respect of the year ended December 31, 2025 and as at the date of this report.
- (r) None of the subsidiaries had issued any debt securities during the Track Record Period.

33. COMMITMENTS

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

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Contracted, but not provided for, net of deposits/investments paid				
– Acquisition of a subsidiary (<i>Note (39)</i>) . . .	–	–	–	170,000

34. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the Track Record Period:

(a) Transactions with related parties

There were no related party transactions during the Track Record Period.

(b) Balances with related parties

There were no related party balances at the end of each year/period for the Track Record Period.

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(c) Compensation of key management personnel of the Group:

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Fees	300	301	300	144	170
Salaries, allowances, discretionary bonuses and benefits in kind . .	8,091	9,693	16,683	5,136	6,182
Retirement scheme contributions .	252	301	429	196	209
Share-based payment expenses . .	5,463	12,490	10,914	6,184	–
	<u>14,106</u>	<u>22,785</u>	<u>28,326</u>	<u>11,660</u>	<u>6,561</u>

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets				
<u>Financial assets at amortised cost</u>				
– Trade and bills receivables	137,337	99,650	346,838	483,330
– Other receivables and long-term receivables . .	17,346	21,554	240,967	108,593
– Restricted bank deposits	–	–	7,029	27,244
– Cash and cash equivalents	992,314	1,142,738	1,386,529	1,173,738
<u>Financial assets at FVTPL</u>				
– Transferable large denomination certificates of deposits	–	383,673	50,797	–
– Structured deposits and bank WMPs	–	691,314	380,516	110,152
<u>Financial assets at FVTOCI</u>				
– Unlisted equity investments	–	–	16,010	18,430
	<u>1,146,997</u>	<u>2,338,929</u>	<u>2,428,686</u>	<u>1,921,487</u>
Financial liabilities				
<u>Financial liabilities measured at amortised cost</u>				
– Trade payables	355,794	554,094	805,578	775,042
– Other payables and accruals (excluding payroll and welfare payables and other tax liabilities) .	14,426	32,865	69,265	79,370
	<u>370,220</u>	<u>586,959</u>	<u>874,843</u>	<u>854,412</u>
Lease liabilities.	<u>127,069</u>	<u>118,238</u>	<u>147,214</u>	<u>152,998</u>

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36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

(a) Fair value hierarchy

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

	Level 2	Level 3	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at December 31, 2024			
<u>Financial assets at FVTPL</u>			
– Transferable large denomination certificates of deposits	383,673	–	383,673
– Structured deposits and bank WMPs	–	691,314	691,314
	<u>383,673</u>	<u>691,314</u>	<u>1,074,987</u>
As at December 31, 2025			
<u>Financial assets at FVTPL</u>			
– Transferable large denomination certificates of deposits	50,797	–	50,797
– Structured deposits and bank WMPs	–	380,516	380,516
	<u>50,797</u>	<u>380,516</u>	<u>431,313</u>
<u>Financial assets at FVTOCI</u>			
– Unlisted equity instruments	–	16,010	16,010
	<u>50,797</u>	<u>396,526</u>	<u>447,323</u>
As at June 30, 2026			
<u>Financial assets at FVTPL</u>			
– Structure deposits and bank WMPs	–	110,152	110,152
<u>Financial assets at FVTOCI</u>			
– Unlisted equity instruments.	–	18,430	18,430
	<u>–</u>	<u>128,582</u>	<u>128,582</u>

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(b) Valuation techniques used to determine fair values

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

Assets subject to Level 2 fair value measurement were mainly included transferable large denomination certificates of deposits at FVTPL. These assets are valued using valuation techniques to determine its fair value. The valuation model used is the market quotation or trader quotation of the same type of instrument. The input values of valuation techniques mainly include the expected rate of return agreed upon in the contract.

Assets subject to Level 3 fair value measurement were mainly included structured deposits and bank WMPs at FVTPL and equity investments in unlisted entity at FVTOCI. These assets were measured mainly using discounted cash flow method and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

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

The following table summarises the quantitative information about the significant unobservable inputs of major financial assets used in Level 3 fair value measurements:

					Valuation technique and key input(s)	Range of input(s)			Impact of significant unobservable input(s)
Fair value hierarchy		As at December 31, 2024	As at December 31, 2025	As at June 30, 2026		As at December 31, 2024	As at December 31, 2025	As at June 30, 2026	
		RMB'000	RMB'000	RMB'000					
Financial assets at FVTPL									
- Transferable large denomination certificates of deposits . . .	Level 2	383,673	50,797	–	Expected rate of return	Not applicable	Not applicable	Not applicable	The higher the expected rate of return, the higher the fair value
- Structured deposits and bank WMPs . . .	Level 3	691,314	380,516	110,152	Expected rate of return	1.20%-3.56%	0.65%-1.69%	0.65%-2.02%	The higher the interest return rate, the higher the fair value
Financial assets at FVTOCI									
- Unlisted equity instruments . . .	Level 3	–	16,010	18,430	Market approach, Enterprise value to sales ratio (“EV/S Multiple”)	N/A	20.18	25.45	The higher the EV/S Multiple, the higher the fair value
					Market approach, Discount for Lack of Marketability (“DLOM”)	N/A	26%	26%	The higher the DLOM, the lower the fair value

As of December 31, 2024 and 2025 and June 30, 2026, increasing/decreasing interest return rate by 5% would increase/decrease the fair value of structured deposits and bank WMPs at FVTPL by RMB65,000, RMB26,000 and RMB8,000, respectively.

As of December 31, 2025 and June 30, 2026, increasing/decreasing EV/S Multiple by 5% would increase/decrease the fair value of financial assets at FVTOCI by RMB801,000 and RMB943,000, respectively. Increasing/decreasing DLOM by 5% would decrease/increase the fair value by RMB281,000 and RMB324,000, respectively.

The fair value of trade and bills receivables, other receivables, cash and cash equivalents, restricted bank deposits, trade payables, other payables and accruals (excluding payroll and welfare payables and other tax liabilities) and lease liabilities approximated their carrying amounts due to their short maturities or interest bearing.

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The movement during the Track Record Period in the balance of Level 3 fair value measurements is as follows:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL – Structured deposits and bank WMPs				
At the beginning of the year/period . . .	–	–	691,314	380,516
Additions	2,990,000	2,600,000	2,888,333	662,000
Disposals	(2,990,000)	(1,910,000)	(3,198,797)	(932,000)
Changes in fair value	–	1,314	(334)	(364)
At the end of the year/period	–	691,314	380,516	110,152
Financial assets at FVTOCI – Unlisted equity instruments				
At the beginning of the year/period . . .	–	–	–	16,010
Additions	–	–	15,000	–
Changes in fair value	–	–	1,010	2,420
At the end of the year/period	–	–	16,010	18,430

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVTOCI and lease liabilities, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade payables and other payables and accruals, which arise directly from its operations.

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

Foreign currency risk

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

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

	USD	EUR
	RMB'000	RMB'000
As at December 31, 2023		
Assets	92,126	18,440
Liabilities	(9,892)	(2,680)
Net exposure	82,234	15,760
As at December 31, 2024		
Assets	84,277	25,022
Liabilities	(34,010)	(9,831)
Net exposure	50,267	15,191
As at December 31, 2025		
Assets	234,328	96,418
Liabilities	(63,491)	(16,047)
Net exposure	170,837	80,371
As at June 30, 2026		
Assets	355,438	177,455
Liabilities	(67,650)	(17,280)
Net exposure	287,788	160,175

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Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in USD and EUR exchange rates. The sensitivity of profit before income tax to changes in the exchange rates arising from USD and EUR denominated financial instruments is as below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
USD exchange rate				
– Increase 10%	8,223	5,027	17,084	28,779
– Decrease 10%	(8,223)	(5,027)	(17,084)	(28,779)
EUR exchange rate				
– Increase 10%	1,576	1,519	8,037	16,018
– Decrease 10%	(1,576)	(1,519)	(8,037)	(16,018)

Price risk

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

Credit risk

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

The Group’s maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost as disclosed in trade and bills receivables, other receivables, long-term receivables, cash and cash equivalents and restricted bank deposits to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

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

(a) Cash and cash equivalents and restricted bank deposits

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

(b) Trade receivables

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

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

The Group’s trade receivables as described in Note 20 mainly represented receivables received from the sales of goods to customers.

Except for trade receivables assessed for credit risk on an individual basis, the Group groups its trade receivables into one portfolio based on common credit risk characteristics.

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

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

	Gross carrying amount	Allowance for impairment	Expected loss rate
	RMB'000	RMB'000	
As at December 31, 2023			
Assessed based on grouping	144,572	(7,235)	5.00%
As at December 31, 2024			
Assessed based on grouping	103,674	(5,293)	5.11%
As at December 31, 2025			
Assessed based on grouping	364,079	(18,232)	5.01%
Assessed individual	1,337	(1,337)	100.00%
	365,416	(19,569)	5.36%
As at June 30, 2026			
Assessed based on grouping	508,462	(25,426)	5.00%
Assessed individual	1,337	(1,337)	100.00%
	509,799	(26,763)	5.25%

(c) Bills receivables

The Group measured provisions for impairment of bills receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance bills issued by large-size banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks.

(d) Other receivables

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

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

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Impairment on deposits and other assets accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, there is no ECL provided for long-term receivables and the following table sets forth the ECL allowance for deposits and other assets as at December 31, 2023, 2024 and 2025 and June 30, 2026:

	Gross carrying amount	ECL allowance	Expected loss rate
	<i>RMB'000</i>	<i>RMB'000</i>	
As at December 31, 2023			
Other receivables	18,019	(970)	5.38%
As at December 31, 2024			
Other receivables	22,053	(1,103)	5.00%
As at December 31, 2025			
Other receivables	243,342	(3,469)	1.43%
As at June 30, 2026			
Other receivables	113,502	(5,771)	5.08%

Liquidity risk

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

	Within 1 year and on demand	1 to 2 years	2 to 3 years	Over 3 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2023					
Trade payables	355,794	–	–	–	355,794
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	14,426	–	–	–	14,426
Lease liabilities	37,096	19,400	17,860	73,749	148,105
	407,316	19,400	17,860	73,749	518,325
As at December 31, 2024					
Trade payables	554,094	–	–	–	554,094
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	32,865	–	–	–	32,865
Lease liabilities	27,720	23,162	22,538	61,892	135,312
	614,679	23,162	22,538	61,892	722,271
As at December 31, 2025					
Trade payables	805,578	–	–	–	805,578
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	69,265	–	–	–	69,265
Lease liabilities	45,981	46,022	27,785	41,500	161,288
	920,824	46,022	27,785	41,500	1,036,131

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	Within 1 year and on demand	1 to 2 years	2 to 3 years	Over 3 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at June 30 2026					
Trade payables	775,042	—	—	—	775,042
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	79,370	—	—	—	79,370
Lease liabilities	52,729	46,327	26,965	40,163	166,184
	<u>907,141</u>	<u>46,327</u>	<u>26,965</u>	<u>40,163</u>	<u>1,020,596</u>

Capital management

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

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

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total assets	2,453,159	3,894,942	4,928,916	5,112,313
Total liabilities	676,843	970,106	1,521,208	1,516,782
Liability-to-asset ratio	<u>27.59%</u>	<u>24.91%</u>	<u>30.86%</u>	<u>29.67%</u>

38. CONTINGENCIES

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the Group has no significant outstanding litigation or contingent liability that in the opinion of the directors of the Company would have material impact to the Group’s financial position.

39. EVENT AFTER THE END OF THE REPORTING PERIOD

In July 2026, the Group acquired 100% of the equity interest in Zhongzhi from an independent third party for a consideration of RMB276,000,000. The directors are of the opinion that the acquisition of Zhongzhi constitute an asset acquisition for accounting purpose. This is because Zhongzhi had not commenced any business operation, and substantially all the fair value of the gross assets acquired is concentrated in its land use right.

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

	<i>RMB’000</i>
Right-of-use assets — land use rights	299,749
Income tax payable	(23,749)
Net asset	<u>276,000</u>

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to June 30, 2026.