
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHUANGDENG GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CCB INTERNATIONAL CAPITAL LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of SHUANGDENG GROUP Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [•] to [•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024, and the five months ended 31 May 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 May 2025 and and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [•] to [•] 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 the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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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.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 31 May 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2024 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. 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 Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

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 financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the “**Underlying Financial Statements**”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUES	5	4,072,480	4,259,777	4,498,522	1,394,185	1,866,608
Cost of sales		(3,382,884)	(3,393,009)	(3,747,639)	(1,119,099)	(1,588,050)
Gross profit		689,596	866,768	750,883	275,086	278,558
Other income and gains	5	50,614	77,718	115,584	37,727	40,533
Selling and marketing expenses		(100,255)	(151,785)	(138,043)	(50,102)	(53,254)
Administrative expenses		(126,516)	(162,748)	(156,470)	(50,506)	(45,672)
Research and development costs		(100,676)	(112,803)	(110,478)	(44,089)	(55,249)
Impairment losses on financial and contract assets, net		(22,607)	(6,347)	(19,181)	3,908	(10)
Other expenses		(21,467)	(34,145)	(20,169)	(5,663)	(11,556)
Finance costs	7	(49,372)	(30,005)	(19,842)	(5,626)	(12,002)
Share of profits and losses of an associate . .		(647)	(475)	428	296	32
PROFIT BEFORE TAX	6	318,670	446,178	402,712	161,031	141,380
Income tax expense	10	(37,645)	(60,975)	(49,381)	(21,339)	(14,677)
PROFIT FOR THE YEAR/PERIOD		<u>281,025</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
Attributable to:						
Owners of the parent		281,019	385,203	353,331	139,692	126,703
Non-controlling interests		<u>6</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>281,025</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
EARNINGS PER SHARE						
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic:						
Profit for the year/period (RMB)	12	<u>0.85</u>	<u>1.08</u>	<u>0.99</u>	<u>0.39</u>	<u>0.35</u>
Diluted:						
Profit for the year/period (RMB)	12	<u>0.85</u>	<u>1.08</u>	<u>0.99</u>	<u>0.39</u>	<u>0.35</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR/PERIOD		<u>281,025</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences:						
Exchange differences on translation of foreign operations		<u>(39)</u>	<u>(36)</u>	<u>233</u>	<u>62</u>	<u>18</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		<u>(39)</u>	<u>(36)</u>	<u>233</u>	<u>62</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		<u>(39)</u>	<u>(36)</u>	<u>233</u>	<u>62</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>280,986</u>	<u>385,167</u>	<u>353,564</u>	<u>139,754</u>	<u>126,721</u>
Attributable to:						
Owners of the parent		280,969	385,167	353,564	139,754	126,721
Non-controlling interests		<u>17</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>280,986</u>	<u>385,167</u>	<u>353,564</u>	<u>139,754</u>	<u>126,721</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	832,046	1,084,247	1,217,124	1,181,807
Right-of-use assets	14	135,628	156,706	165,108	163,237
Other intangible assets	18	7,352	7,149	8,321	7,788
Investment in an associate	16	16,813	16,338	16,766	16,798
Prepayments, other receivables and other assets	17	2,686	7,144	2,358	1,748
Contract assets	21	6,908	8,410	13,154	13,284
Deferred tax assets	15	46,496	67,188	74,113	81,479
Restricted cash	24	–	35,392	23,567	24,401
Total non-current assets		1,047,929	1,382,574	1,520,511	1,490,542
CURRENT ASSETS					
Inventories	19	536,962	459,234	513,506	773,779
Trade and bills receivables	20	1,862,211	1,609,318	2,318,281	2,386,563
Contract assets	21	1,608	7,020	546	729
Prepayments, other receivables and other assets	17	82,730	63,930	85,290	127,041
Financial assets at fair value through profit or loss	22	–	–	86,000	–
Derivative financial instruments	22	–	–	3,355	–
Due from a related party	39	–	–	–	1,051
Debt investments at fair value through other comprehensive income	23	6,909	15,655	3,073	2,225
Restricted cash	24	228,740	303,497	235,134	214,592
Cash and cash equivalents	24	270,264	479,040	395,234	616,940
		2,989,424	2,937,694	3,640,419	4,122,920
Assets of a disposal group classified as held for sale	25	–	7,634	–	–
Total current assets		2,989,424	2,945,328	3,640,419	4,122,920

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		As at 31 December			As at 31 May
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables	26	701,876	837,172	973,979	1,225,637
Other payables and accruals	27	411,361	413,314	558,678	525,392
Derivative financial instruments	22	–	–	842	489
Contract liabilities	28	36,778	63,014	39,640	39,897
Interest-bearing bank and other borrowings . . .	29	944,845	410,528	673,333	847,726
Deferred government grants	30	12,817	17,633	20,878	20,992
Lease liabilities	14	5,128	6,496	8,017	6,802
Tax payable		25,666	29,670	27,908	8,971
Due to related parties	39	4,834	3,771	5,720	10,993
Provisions	31	7,300	7,794	7,158	7,893
		2,150,605	1,789,392	2,316,153	2,694,792
Liabilities directly associated with the assets classified as held for sale	25	–	1,472	–	–
Total current liabilities		2,150,605	1,790,864	2,316,153	2,694,792
NET CURRENT ASSETS		838,819	1,154,464	1,324,266	1,428,128
TOTAL ASSETS LESS CURRENT LIABILITIES					
		1,886,748	2,537,038	2,844,777	2,918,670
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings . . .	29	51,200	297,425	255,404	259,270
Deferred government grants	30	73,252	118,490	161,621	156,722
Lease liabilities	14	4,864	3,893	8,597	8,306
Provisions	31	29,304	32,069	31,694	33,900
Total non-current liabilities		158,620	451,877	457,316	458,198
Net assets		1,728,128	2,085,161	2,387,461	2,460,472
EQUITY					
Equity attributable to owners of the parent					
Share capital	32	358,269	358,269	358,269	358,269
Reserves	33	1,369,859	1,726,892	2,029,192	2,102,203
		1,728,128	2,085,161	2,387,461	2,460,472
Total equity		1,728,128	2,085,161	2,387,461	2,460,472

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Notes	Attributable to owners of the parent						Non-controlling interests	Total Equity
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		330,000	63,475	19,216	93,497	(715)	545,611	6	1,051,090
Profit for the year		–	–	–	–	–	281,019	6	281,025
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		–	–	–	–	(50)	–	11	(39)
Total comprehensive income for the year		–	–	–	–	(50)	281,019	17	280,986
Issue of shares	32	28,269	357,217	–	–	–	–	–	385,486
Share-based compensation reserve	34	–	–	10,589	–	–	–	–	10,589
Appropriation to statutory reserves		–	–	–	24,238	–	(24,238)	–	–
Withdrawal of non-controlling interests		–	–	–	–	–	–	(23)	(23)
At 31 December 2022		358,269	420,692*	29,805*	117,735*	(765)*	802,392*	–	1,728,128

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Year ended 31 December 2023

	Notes	Attributable to owners of the parent					Total Equity
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		358,269	420,692	29,805	117,735	(765)	1,728,128
Profit for the year.		–	–	–	–	–	385,203
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations		–	–	–	–	(36)	(36)
Total comprehensive income for the year.		–	–	–	–	(36)	385,167
Share-based compensation reserve	34	–	–	20,232	–	–	20,232
Dividend.	11	–	–	–	–	–	(48,366)
Appropriation to statutory reserves		–	–	–	38,817	–	–
At 31 December 2023		358,269	420,692*	50,037*	156,552*	(801)*	2,085,161

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Year ended 31 December 2024

	Notes	Attributable to owners of the parent					
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 . . .		358,269	420,692	50,037	156,552	(801)	1,100,412
Profit for the year. . .		–	–	–	–	–	353,331
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations . .		–	–	–	–	233	–
Total comprehensive income for the year .		–	–	–	–	233	353,331
Share-based compensation reserve.	34	–	–	22,539	–	–	–
Dividend.	11	–	–	–	–	–	(73,803)
Appropriation to statutory reserves . .		–	–	–	29,970	–	(29,970)
At 31 December 2024 .		358,269	420,692*	72,576*	186,522*	(568)*	1,349,970*

Five months ended 31 May 2024

	Note	Attributable to owners of the parent					
		Share capital	Capital reserve	Share-based compensation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 . . .		358,269	420,692	50,037	156,552	(801)	1,100,412
Profit for the period (unaudited)		–	–	–	–	–	139,692
Other comprehensive income for the period (unaudited):							
Exchange differences on translation of foreign operations (unaudited)		–	–	–	–	62	–
Total comprehensive income for the period (unaudited)		–	–	–	–	62	139,692
Share-based compensation reserve (unaudited)	34	–	–	9,380	–	–	–
At 31 May 2024 (unaudited)		358,269	420,692	59,417	156,552	(739)	1,240,104

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Five months ended 31 May 2025

		Attributable to owners of the parent						
			Capital	Share-based	Reserve	Exchange	Retained	
	Notes	Share capital	reserve	compensation	funds	fluctuation	profits	Total Equity
		RMB'000	RMB'000	reserve		reserve		RMB'000
At 1 January 2025 . . .		358,269	420,692	72,576	186,522	(568)	1,349,970	2,387,461
Profit for the period . .		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>126,703</u>	<u>126,703</u>
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations . .		—	—	—	—	18	—	18
Total comprehensive income for the period		—	—	—	—	18	126,703	126,721
Share-based compensation reserve	34	—	—	7,196	—	—	—	7,196
Dividend	11	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(60,906)</u>	<u>(60,906)</u>
At 31 May 2025.		<u>358,269</u>	<u>420,692*</u>	<u>79,772*</u>	<u>186,522*</u>	<u>(550)*</u>	<u>1,415,767*</u>	<u>2,460,472</u>

* These reserve accounts comprise the consolidated reserves of RMB1,369,859,000, RMB1,726,892,000, RMB2,029,192,000 and RMB2,102,203,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		318,670	446,178	402,712	161,031	141,380
Adjustments for:						
Finance costs	7	49,372	30,005	19,842	5,626	12,002
Share of profits and losses of an associate . .		647	475	(428)	(296)	(32)
Interest income	5	(3,402)	(19,260)	(14,814)	(5,990)	(4,012)
(Gain)/loss on disposal of items of property, plant and equipment		(110)	(35)	(15)	–	17
Gain on disposal of right-of-use assets		–	(40)	–	–	(22)
Loss on disposal of a subsidiary	35	–	–	147	–	–
Gain on financial assets at fair value through profit or loss		–	–	–	–	(914)
Loss/(gain) on derivative financial instruments		–	–	2,748	–	(1,535)
Fair value (gain)/loss on derivative financial instruments	22	–	–	(2,513)	–	3,002
Depreciation of items of property, plant and equipment	13	116,642	110,371	126,283	44,368	63,560
Depreciation of right-of-use assets	14	9,176	9,473	12,925	5,022	6,652
Amortisation of other intangible assets	18	2,275	2,557	3,623	1,464	1,274
Amortisation of deferred government grants .	30	(13,800)	(16,811)	(18,521)	(7,137)	(8,785)
Provision/(reversal of provision) for trade and bills receivables and contract assets, net. .		22,105	6,687	18,185	(5,151)	(717)
Provision/(reversal of provision) for prepayments, other receivables and other assets, net		502	(340)	996	1,243	727
Impairment losses on assets of a disposal group classified as held for sale.	25	–	15,747	–	–	–
Impairment of inventories.	19	1,030	39,011	(22,338)	(18,216)	(552)
Foreign exchange differences, net.		(17,476)	(12,289)	(10,626)	(3,969)	(3,746)
Share incentive plan expense.		10,589	20,232	22,539	9,380	7,196
		<u>496,220</u>	<u>631,961</u>	<u>540,745</u>	<u>187,375</u>	<u>215,495</u>

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	Notes	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
(Increase)/decrease in trade and bills receivables and contract assets		(657,377)	229,095	(712,836)	(4,649)	(67,030)
Decrease/(increase) in prepayments, other receivables and other assets		82,210	17,287	(13,093)	(85,962)	(42,655)
Increase in due from a related party		–	–	–	–	(1,051)
(Increase)/decrease in amounts due to related parties		(394)	(1,063)	1,949	2,030	4,871
(Increase)/decrease in inventories		(94,337)	38,717	(31,934)	(113,738)	(259,721)
Increase/(decrease) in trade and bills payables		136,379	135,296	449,989	(109,763)	534,002
Increase/(decrease) in other payables and accruals		52,741	(4,132)	14,010	(16,894)	5,654
Increase/(decrease) in provision		7,846	3,259	(1,011)	(1,513)	2,941
(Decrease)/increase in contract liabilities . . .		(8,552)	26,236	(23,374)	46,264	257
Decrease in deferred government grants		(900)	(900)	–	–	–
Decrease/(increase) in restricted cash		1,234	(110,149)	80,188	120,262	19,708
Cash flows generated from operating activities		15,070	965,607	304,633	23,412	412,471
Interest received		3,402	19,260	14,814	5,990	4,012
Income taxes paid		(3,097)	(77,653)	(58,068)	(41,353)	(40,980)
Net cash flows generated from operating/ (used in) activities		15,375	907,214	261,379	(11,951)	375,503

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		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(80,619)	(382,245)	(155,639)	(95,794)	(126,722)
Proceeds from disposal of items of property, plant and equipment		1,735	2,810	5,057	93	367
Purchase of right-of-use assets.		–	(24,922)	(6,520)	(92)	–
Purchase of other intangible assets		(3,824)	(2,354)	(4,795)	(3,482)	(741)
Receipt of government grants for property, plant and equipment		26,000	68,395	64,897	40,140	4,000
Disposal of a subsidiary	35	–	–	5,640	–	–
Purchase of items of financial assets at fair value through profit or loss		–	–	(86,000)	–	–
Purchase of derivative financial instruments .		–	–	(12,251)	–	–
Sold of items of derivative financial instruments.		–	–	–	–	2,322
Proceeds from disposal of financial assets at fair value through profit or loss.		1,000	–	–	–	86,914
Recovery of value-added tax attributable to the acquisition of property, plant, and equipment		–	–	35,127	–	–
Net cash flows used in investing activities . .		(55,708)	(338,316)	(154,484)	(59,135)	(33,860)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares		385,486	–	–	–	–
Withdrawal of non-controlling interests		(23)	–	–	–	–
New bank loans.		1,676,311	1,005,160	358,172	100,871	145,361
Repayment of bank loans.		(1,822,564)	(1,297,556)	(452,251)	(232,054)	(249,480)
Dividends paid		–	(48,366)	(73,803)	–	–
Interest paid		(48,837)	(29,614)	(19,311)	(5,401)	(11,769)
Payment of [REDACTED].		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Principal portion of lease payments.		(5,758)	(5,370)	(8,582)	(3,606)	(6,272)
Interest paid for lease payments.		(535)	(391)	(531)	(225)	(233)
Net cash flows generated from/(used in) financing activities		184,080	(376,137)	(203,783)	(140,415)	(123,107)

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		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
	Notes	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.		143,747	192,761	(96,888)	(211,501)	218,536
Cash and cash equivalents at beginning of year/period.		99,032	270,264	479,582	479,582	395,234
Effect of foreign exchange rate changes, net.		<u>27,485</u>	<u>16,557</u>	<u>12,540</u>	<u>4,053</u>	<u>3,170</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>270,264</u>	<u>479,582</u>	<u>395,234</u>	<u>272,134</u>	<u>616,940</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances.		<u>270,264</u>	<u>479,040</u>	<u>395,234</u>	<u>271,989</u>	<u>616,940</u>
Cash and cash equivalents as stated in the statements of financial position	24	270,264	479,040	395,234	271,989	616,940
Cash and cash equivalents included in assets of a disposal group classified as held for sale	25	<u>—</u>	<u>542</u>	<u>—</u>	<u>145</u>	<u>—</u>
Cash and cash equivalents as stated in the statements of cash flows		<u>270,264</u>	<u>479,582</u>	<u>395,234</u>	<u>272,134</u>	<u>616,940</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at
		2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	329,326	351,976	345,875	336,174
Right-of-use assets	14	85,418	84,407	83,474	83,297
Other intangible assets	18	4,675	5,009	5,746	5,218
Investment in an associate	16	10,310	9,836	10,263	10,295
Investments in subsidiaries	1	190,945	280,960	297,015	297,697
Prepayments, other receivables and other assets	17	1,234	4,910	1,567	953
Contract assets	21	6,908	8,410	13,154	13,284
Deferred tax assets	15	33,123	44,767	42,767	43,219
Restricted cash	24	–	34,816	22,992	23,825
Total non-current assets		661,939	825,091	822,853	813,962
CURRENT ASSETS					
Inventories	19	383,540	358,128	331,651	541,540
Trade and bills receivables	20	1,849,593	1,606,630	2,287,046	2,288,934
Contract assets	21	1,608	7,020	546	729
Prepayments, other receivables and other assets	17	42,900	28,077	75,640	95,691
Financial assets at fair value through profit or loss	22	–	–	86,000	–
Derivative financial instruments	22	–	–	3,355	–
Debt investments at fair value through other comprehensive income	23	6,252	15,655	3,073	2,061
Due from related parties	39	55,911	28,231	82,024	152,842
Restricted cash	24	195,944	241,617	199,500	170,229
Cash and cash equivalents	24	220,582	455,382	349,502	587,911
Total current assets		2,756,330	2,740,740	3,418,337	3,839,937

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	As at 31 December			As at
		2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
CURRENT LIABILITIES					
Trade and bills payables	26	459,342	486,909	667,276	731,867
Other payables and accruals	27	259,438	275,087	285,840	305,106
Derivative financial instruments	22	–	–	842	489
Contract liabilities	28	36,251	57,880	36,470	38,087
Interest-bearing bank and other borrowings	29	737,012	349,617	625,642	785,939
Deferred government grants	30	8,926	10,637	10,797	10,650
Lease liabilities	14	5,163	6,496	6,917	6,229
Tax payable		21,278	15,345	22,374	6,617
Due to related parties	39	153,137	190,438	179,331	355,482
Provisions	31	7,300	7,794	7,158	7,893
Total current liabilities		1,687,847	1,400,203	1,842,647	2,248,359
NET CURRENT ASSETS		<u>1,068,483</u>	<u>1,340,537</u>	<u>1,575,690</u>	<u>1,591,578</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,730,422</u>	<u>2,165,628</u>	<u>2,398,543</u>	<u>2,405,540</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	29	–	69,000	60,000	–
Deferred government grants	30	38,725	53,618	46,737	42,391
Lease liabilities	14	4,042	3,893	4,624	4,641
Provisions	31	29,304	32,069	31,694	33,900
Total non-current liabilities		72,071	158,580	143,055	80,932
Net assets		<u>1,658,351</u>	<u>2,007,048</u>	<u>2,255,488</u>	<u>2,324,608</u>
EQUITY					
Share capital	32	358,269	358,269	358,269	358,269
Other reserves	33	1,300,082	1,648,779	1,897,219	1,966,339
Total equity		<u>1,658,351</u>	<u>2,007,048</u>	<u>2,255,488</u>	<u>2,324,608</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

SHUANGDENG GROUP Co., Ltd. (the “**Company**”, formerly known as “**JIANGSU SHUANGDENG Co., Ltd.**”) was a joint stock company with limited liability established in the People’s Republic of China (“**PRC**”) on 28 December 2011 by Mr. Yang Shanji (楊善基), Mr. Qian Shan’gao (錢善高), Mr. Zhu Shiping (祝士平), Mr. Zhou Yuezhong (周躍章), Mr. Zhou Ping (周平), Mr. Zhou Weigang (周偉綱) and Mr. Zhai Lifeng (翟立鋒). The registered office of the Company is located at No. 999, Tianmu West Road, Jiangyan Economic Development Zone, Taizhou, Jiangsu Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (together, the “**Group**”) are principally engaged in the research and development, manufacture and sale of lead-acid energy storage battery products and lithium-ion energy storage battery products.

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

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Name*	Notes	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hubei Shuangdeng Runyong New Energy Co., Ltd.* (「湖北雙登潤陽新能源有限公司」) (“Shuangdeng Runyong”)	(a)	Hubei 20-July-2007	RMB56,000,000	100	–	Lead-acid energy storage battery research and development, production and sales
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.* (「北京雙登慧峰聚能科技有限公司」) (“Huifeng Juneng”)	(b)	Beijing 5-March-2012	RMB30,000,000	100	–	Battery research and development
Jiangsu Shuangdeng Front New Energy Co., Ltd.* (「江蘇雙登富朗特新能源有限公司」) (“Shuangdeng Front”)	(c)	Shanghai 13-Nov-2006	RMB75,466,200	100	–	Lithium-ion energy storage battery research and development production and sales
Hubei Shuangdeng Energy Storage Technology Co., Ltd.* (「湖北雙登儲能科技有限公司」) (“Shuangdeng Energy Storage”)	(d)	Hubei 23-Dec-2022	RMB100,000,000	100	–	Lithium-ion energy storage battery research and development production and sales

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Name*	Notes	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
SHUANGDENG HOLDINGS INC. (“US Shoto”)	(e)	United States 29-Oct-2019	USD1,000,000	100	–	Shareholding platform
SHOTO ENERGY LLC (“SHOTO ENERGY”)	(f)	United States 21-Nov-2019	USD300,000	–	100	Energy storage battery sales
SHOTO SINGAPORE PTE. LTD. (“SINGAPORE SHOTO”)	(g)	Singapore 12-Jan-2023	SGD10,000	100	–	Shareholding platform
SHOTO ENERGY PTE. LTD. (“SINGAPORE SHOTO ENERGY”)	(h)	Singapore 21-March-2023	SGD10,000	–	100	Energy storage battery sales
SHOTO TECHNOLOGY (MALAYSIA) SDN.BHD. (“Malaysia SHOTO”)	(i)	Malaysia 18-March-2024	RM1,000	–	100	Energy storage battery production and sales

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- (a) *Shuangdeng Runyoung is registered as a limited liability company under PRC law. The statutory financial statements for the year ended 31 December 2022, prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Jiangsu Mingrui Accounting Firm Ltd., a certified public accounting firm registered in the PRC. The statutory financial statements for this entity for the years ended 31 December 2023 and 2024, prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Hubei Huaren Zhiyuan Accounting Firm, a certified public accounting firm registered in the PRC.*
- (b) *Huifeng Juneng is registered as a limited liability company under PRC law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.*
- (c) *Shuangdeng Front is registered as a limited liability company under PRC law. The statutory financial statements for the years ended 31 December 2022 and 2023, prepared under PRC GAAP were audited by Jiangsu Mingrui Accounting Firm Ltd., a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2024, prepared under PRC GAAP where audited by Shanghai Certified Public Accountants (Special General Partners), a certified public accounting firm registered in the PRC.*
- (d) *Shuangdeng Energy Storage is registered as a limited liability company under PRC law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022 and 2023, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The statutory financial statements for the year ended 31 December 2024, prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Hubei Huaren Zhiyuan Accounting Firm, a certified public accounting firm registered in the PRC.*
- (e) *US Shoto is registered as a limited liability company under United States law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.*
- (f) *SHOTO ENERGY is registered as a limited liability company under United States law. No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.*
- (g) *SINGAPORE SHOTO is registered as a limited liability company under Singapore law. The statutory financial statements for the year ended 31 December 2023, prepared under Financial Reporting Standards of Singapore (“FRSs”) were audited by ACHIEVE PAC PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE, a certified public accounting firm registered in Singapore. The statutory financial statements for the year ended 31 December 2024, prepared under FRSs were audited by Ernst & Young LLP, SINGAPORE, a certified public accounting firm registered in Singapore.*
- (h) *SINGAPORE SHOTO ENERGY is registered as a limited liability company under Singapore law. The statutory financial statements for the year ended 31 December 2023, prepared under FRSs were audited by ACHIEVE PAC PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE, a certified public accounting firm registered in Singapore. The statutory financial statements for the year ended 31 December 2024, prepared under FRSs were audited by Ernst & Young LLP, SINGAPORE, a certified public accounting firm registered in Singapore.*
- (i) *Malaysia SHOTO is registered as a limited liability company under Malaysia law. The statutory financial statements for the year ended 31 December 2024, prepared under Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia were audited by Messrs. DAXIN KF&C PLT, a certified public accounting firm registered in Malaysia.*

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The Group was ultimately controlled by Mr. Yang Shanji.

The following table illustrates the details of investments in subsidiaries of the Company:

	As at 31 December			As at
				31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shuangdeng Runyoung	50,850	51,581	52,030	52,051
Huifeng Poly Energy	30,030	31,132	32,194	32,514
Shuangdeng Front	106,915	107,689	108,349	108,356
Chinashoto France SAS**	384	–	–	–
Shuangdeng Energy Storage	–	87,740	101,629	101,963
Pakistan Shoto*****	5	5	–	–
US Shoto.	2,761	2,761	2,761	2,761
SINGAPORE SHOTO	–	52	52	52
FU SHUANG INVESTMENT LIMITED ***	–	–	–	–
Anhui Shuangdeng New Energy Co., Ltd. (安徽雙登新能源有限公司) (“Anhui Shuangdeng”)****	–	–	–	–
Total	<u>190,945</u>	<u>280,960</u>	<u>297,015</u>	<u>297,697</u>

* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

** The company was deregistered in April 2023.

*** The company was deregistered in October 2022 and the paid-in capital is HKD 1.00.

**** The company was deregistered in May 2023 and the paid-in capital is nil.

***** The company was deregistered in December 2024.

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2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for wealth management products, bills receivables classified as financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.3. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

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The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows (additional disclosure will be included in the financial statements). The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its wealth management products, derivative financial instruments and bills receivables at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

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Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets/a disposal group classified as held for sale), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

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- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale.” The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	4.75%
Leasehold improvements	15.70-23.77%
Plant and machinery	4.75-9.50%
Motor vehicles	19.00%
Furniture and others	19.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods.

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An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

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

Research and development costs

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

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Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Buildings	2 to 6 years

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

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenues recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes wealth management products and derivative instruments.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade receivables, bills receivables and contract assets which apply the simplified approach as detailed below:

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

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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

Simplified approach

For trade receivables, bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and bills payables, certain other payables and accruals, amounts due to related parties, and interest-bearing bank and other borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group’s normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as commodity contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group’s expected purchase, sale or usage requirements are held at cost.

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Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

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

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

The Group provides for warranties in relation to the sale of certain industrial products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

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Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

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- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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 tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. 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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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Revenues recognition

Revenues from contracts with customers

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

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

Sales of products

Revenues from sales of goods primarily arises from sales of lead-acid battery, lithium ion battery and others, which is recognised at the point in time when control of the products is transferred to the customer, generally on the acceptance of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest rate 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.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates an employee share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 34 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the lock-up restricted period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group’s liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

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Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

These Historical Financial Information are presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

Determining significant influence over entities in which the Group holds less than 20% equity interest

Despite the fact that the Group’s direct or indirect equity interest in Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. was 18% which was lower than 20%, the Group had significant influence with a board representative assigned and had the right to participate in the financial and operating policy decisions of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.

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Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, The Group has tax losses of RMB4,118,000, RMB7,482,000, RMB19,253,000 and RMB1,332,000, respectively, carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB859,000, RMB2,691,000, RMB3,782,000 and RMB48,000, respectively, for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025. Further details on deferred taxes are disclosed in note 15 to the Historical Financial Information.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the ageing analysis of customers that have similar loss patterns.

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

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The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets is disclosed in note 20 and note 21 to the Historical Financial Information, respectively.

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

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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Write-down of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. Further details of the inventories are set out in note 19 to the Historical Financial Information.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the Relevant Periods based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Historical Financial Information.

Provision

The Group makes a provision for product warranty for the sale of battery products according to the best expected settlement under the sales agreement. The provision amount takes into account the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in provision will affect the profit or loss in future years. Further details of the provision are set out in note 31 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is the sale of lead-acid energy storage battery products and lithium-ion energy storage battery products. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2.3 to the Historical Financial Information. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

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Geographical information

(a) Revenues from external customers

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Mainland China.	3,394,555	3,330,829	3,608,974	1,031,966	1,546,929
Overseas	677,925	928,948	889,548	362,219	319,679
Total revenues	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

The revenues information above is based on the locations of the direct customers who signed the sales agreements with the Group.

(b) Non-current assets

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Mainland China.	993,963	1,269,299	1,388,481	1,351,156
Overseas	—	—	18,838	18,474
Total non-current assets	<u>993,963</u>	<u>1,269,299</u>	<u>1,407,319</u>	<u>1,369,630</u>

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

Information about major customers

Revenues from a single customer, including group of entities which are known to be under common control, accounted for over 10% of the Group’s total revenues during the Relevant Periods and the five months ended 31 May 2024 is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Customer A	990,257	907,533	589,642	N/A	189,496
Customer B	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>142,128</u>	<u>N/A</u>

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5. REVENUES, OTHER INCOME AND GAINS

An analysis of revenues is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenues from contracts with customers	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

Revenues from contracts with customers

(i) Disaggregated revenues information

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Types of goods or services					
Sales of lithium-Ion battery products	1,568,531	1,854,556	1,495,978	435,600	457,479
Sales of lead-acid battery products	2,421,622	2,337,230	2,907,232	927,108	1,357,504
Others (a).	<u>82,327</u>	<u>67,991</u>	<u>95,312</u>	<u>31,477</u>	<u>51,625</u>
Total	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>

Timing of revenues recognition

Goods transferred at a point in time	<u>4,072,480</u>	<u>4,259,777</u>	<u>4,498,522</u>	<u>1,394,185</u>	<u>1,866,608</u>
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(a) The amounts mainly include revenues from sales of waste including lead slag, used batteries, and electricity sales.

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The following table shows the amounts of revenues recognised in each of the Relevant Periods and the five months ended 31 May 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous years:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Sales of goods	45,330	36,778	63,014	63,014	39,640

(ii) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon the acceptance of the lead-acid battery products, lithium-Ion battery products and others by the customers and payment is generally due within 30 to 120 days from delivery.

The amounts of transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods and the five months ended 31 May 2024 is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Amounts expected to be recognised as revenues:					
Within one year . . .	36,778	63,014	39,640	109,278	39,897

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Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Government grants related to					
– Assets (i).	13,800	16,811	18,521	7,137	8,785
– Income	11,303	18,785	20,850	1,017	5,417
Additional VAT deduction (ii).	–	764	40,556	17,934	12,792
Interest income	3,402	19,260	14,814	5,990	4,012
Foreign exchange gains, net	17,476	12,289	10,626	3,969	3,746
Compensation income . . .	603	4,497	359	189	872
Rental income.	1,338	2,245	2,794	1,029	1,207
Others	2,692	3,067	7,064	462	3,702
Total	<u>50,614</u>	<u>77,718</u>	<u>115,584</u>	<u>37,727</u>	<u>40,533</u>

- (i) The Group has received certain government grants related to assets for investments in equipment and plant. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. Details of these grants related to assets are set out in note 30 to the Historical Financial Information.
- (ii) According to the regulations of Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 5% deduction calculated based on the input value-added tax (“VAT”) from the VAT payable.

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ACCOUNTANTS’ REPORT

6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Cost of inventories sold.		3,382,884	3,393,009	3,747,639	1,119,099	1,588,050
Depreciation of property, plant and equipment	13	116,642	110,371	126,283	44,368	63,560
Depreciation of right-of-use assets . .	14	9,176	9,473	12,925	5,022	6,652
Amortisation of other intangible assets	18	2,275	2,557	3,623	1,464	1,274
Research and development costs* . . .		38,207	42,767	33,953	14,221	23,020
Lease payments not included in the measurement of lease liabilities . .	14	3,957	4,511	5,817	2,540	2,524
Auditor’s remuneration		840	3,807	2,219	1,082	177
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors’ and chief executive’s remuneration (note 8)):						
Wages and salaries.		292,019	335,495	311,649	115,995	119,715
Pension scheme contributions		31,039	38,393	34,281	12,759	13,170
Share incentive plan expense.		8,033	17,356	16,206	7,699	3,596
Foreign exchange differences, net. . .		(17,476)	(12,289)	(10,626)	(3,969)	(3,746)
Impairment losses on financial and contract assets, net:						
Impairment of trade and bills receivables, net	20	21,495	5,254	17,526	(4,875)	(1,437)
Impairment of contract assets, net . .	21	610	1,433	659	(276)	720
Impairment of financial assets included in prepayments, other receivables and other assets		502	(340)	996	1,243	727
Impairment losses on assets of a disposal group classified as held for sale		–	15,747	–	–	–
Provision for product warranty	31	30,719	36,516	38,436	12,497	17,324
Write-down/(reversal of write-down) of inventories to net realisable value	19	1,030	39,011	(22,338)	(18,216)	(552)

* Research and development costs do not include expenses relating to staff costs, depreciation and amortisation expenses, which are included in the respective total amounts disclosed separately above for each of these types of expenses.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Interest on bank and other borrowings	49,212	30,970	23,191	8,770	11,769
Interest on lease liabilities	535	391	531	225	233
Total interest expense on financial liabilities not at fair value through profit or loss	49,747	31,361	23,722	8,995	12,002
Less: Interest capitalised	(375)	(1,356)	(3,880)	(3,369)	–
Total	<u>49,372</u>	<u>30,005</u>	<u>19,842</u>	<u>5,626</u>	<u>12,002</u>

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Fees	400	450	468	188	189
Other emoluments:					
Salaries, allowances and benefits in kind	3,447	3,544	4,172	1,584	1,567
Performance related bonuses *	12,856	13,496	10,486	4,370	2,454
Share incentive plan expense.	2,556	2,876	6,333	1,681	3,600
Subtotal.	<u>18,859</u>	<u>19,916</u>	<u>20,991</u>	<u>7,635</u>	<u>7,621</u>
Total	<u>19,259</u>	<u>20,366</u>	<u>21,459</u>	<u>7,823</u>	<u>7,810</u>

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

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During the years ended 31 December 2022 and 31 December 2024, certain directors were granted awarded shares, in respect of their services to the Group, further details of which are set out in note 34 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the years ended 31 December 2022 and 2024 and the five months ended 31 May 2024 and 2025, is included in the above directors’ and chief executives’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the five months ended 31 May 2024 were as follows:

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Mr. Wang Jinliang	(iii)	250	300	150	125	–
Dr. Yin Junming		150	150	150	63	63
Mr. Wang Jin	(iv)	–	–	84	–	63
Mr. Wang Xi	(v)	–	–	84	–	63
Total		400	450	468	188	189

(b) Directors and supervisors

The remuneration of each director and the chief executive of the Company during the Relevant Periods and the five months ended 31 May 2024 is set out below:

2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors:				
Dr. Yang Rui**	1,037	6,180	–	7,217
Dr. Yang Baofeng	852	4,980	1,642	7,474
Subtotal	1,889	11,160	1,642	14,691
Non-executive director:				
Mr. Qian Shan’gao	301	–	–	301
Supervisors:				
Mr. Wang Zhaobin	823	1,471	806	3,100
Ms. Sun Caiyun	224	148	108	480
Mr. Huang Xuegong	210	77	–	287
Subtotal	1,257	1,696	914	3,867
Total	3,447	12,856	2,556	18,859

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2023

		Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive directors:					
Dr. Yang Rui		1,049	4,116	–	5,165
Dr. Yang Baofeng .		948	7,037	1,962	9,947
Subtotal		1,997	11,153	1,962	15,112
Non-executive director:					
Mr. Qian Shan’gao		300	–	–	300
Supervisors:					
Mr. Wang Zhaobin	(i)	298	1,614	–	1,912
Mr. Lou Zhiqiang .	(ii)	446	429	806	1,681
Ms. Sun Caiyun . .		286	206	108	600
Mr. Huang Xuegong		217	94	–	311
Subtotal		1,247	2,343	914	4,504
Total		3,544	13,496	2,876	19,916

2024

		Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive directors:					
Dr. Yang Rui		973	3,695	3,152	7,820
Dr. Yang Baofeng .		901	3,745	1,335	5,981
Ms. He Rong	(vi)	840	2,639	999	4,478
Subtotal		2,714	10,079	5,486	18,279
Non-executive director:					
Mr. Qian Shan’gao		300	–	–	300
Supervisors:					
Mr. Lou Zhiqiang .		645	286	739	1,670
Ms. Sun Caiyun . .		288	75	108	471
Mr. Huang Xuegong		225	46	–	271
Subtotal		1,158	407	847	2,412
Total		4,172	10,486	6,333	20,991

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Five months ended 31 May 2024 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive directors:				
Dr. Yang Rui	364	1,540	–	1,904
Dr. Yang Baofeng .	337	1,561	818	2,716
Ms. He Rong (vi)	309	1,100	482	1,891
Subtotal	1,010	4,201	1,300	6,511
Non-executive director:				
Mr. Qian Shan’gao	125	–	–	125
Supervisors:				
Mr. Lou Zhiqiang .	238	119	336	693
Ms. Sun Caiyun . .	119	31	45	195
Mr. Huang Xuegong	92	19	–	111
Subtotal	449	169	381	999
Total	1,584	4,370	1,681	7,635

Five months ended 31 May 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Share incentive plan expense	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive directors:				
Dr. Yang Rui	363	872	2,627	3,862
Dr. Yang Baofeng .	336	872	370	1,578
Ms. He Rong (vi)	304	614	370	1,288
Subtotal	1,003	2,358	3,367	6,728
Non-executive director:				
Mr. Qian Shan’gao	125	–	–	125
Supervisors:				
Mr. Lou Zhiqiang .	231	67	224	522
Ms. Sun Caiyun . .	112	18	9	139
Mr. Huang Xuegong	96	11	–	107
Subtotal	439	96	233	768
Total	1,567	2,454	3,600	7,621

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****** Dr. Yang Rui is the chief executive of the Company during the Relevant Periods.

- (i) Mr. Wang Zhaobin has tendered his resignation with effect from 27 April 2023 due to age.
- (ii) Mr. Lou Zhiqiang has been appointed as a supervisor of the Company with effect from April 2023.
- (iii) Mr. Wang Jinliang has been appointed as an independent director of the Company with effect from December 2015 and has tendered his resignation with effect from 12 June 2024 due to age.
- (iv) Mr. Wang Jin has been appointed as an independent director of the Company with effect from June 2024.
- (v) Mr. Wang Xi has been appointed as an independent director of the Company with effect from June 2024.
- (vi) Ms. He Rong has been appointed as an executive director of the Company with effect from June 2024. She is also the chief financial officer of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025 included three, three, four, four and four directors and supervisor, respectively, details of whose remuneration are set out in note 8 to the Historical Financial Information.

Details of the remuneration for the remaining two, two, one, one and one highest paid employees who are neither directors, supervisors nor the chief executive of the Company during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025 are as follows:

	Year ended 31 December			Five months ended	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits					
in kind	1,520	1,807	832	309	308
Performance related bonuses	4,387	6,785	1,802	751	419
Share incentive plan expense. . . .	1,642	1,962	493	336	112
Total	<u>7,549</u>	<u>10,554</u>	<u>3,127</u>	<u>1,396</u>	<u>839</u>

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The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to HKD1,000,000	–	–	–	–	1
HKD1,000,001 to HKD1,500,000	–	–	–	–	–
HKD1,500,001 to HKD2,000,000	–	–	–	1	–
HKD2,500,001 to HKD3,000,000	–	–	–	–	–
HKD3,000,001 to HKD3,500,000	–	–	1	–	–
HKD3,500,001 to HKD4,000,000	1	–	–	–	–
HKD4,500,001 to HKD5,000,000	1	1	–	–	–
HKD5,000,001 to HKD5,500,000	–	–	–	–	–
HKD7,000,001 to HKD7,500,000	–	1	–	–	–
Total	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>

During the Relevant Periods and the five months ended 31 May 2024, awarded shares were granted to two non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 34 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10. INCOME TAX

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

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below:

The Company was qualified as a High and New Technology Enterprise in 2019 and 2022 and is entitled to a preferential tax rate of 15% from 2019 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shuangdeng Front was qualified as a High and New Technology Enterprise in 2021 and 2024 and is entitled to a preferential tax rate of 15% from 2021 to 2026. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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Shuangdeng Runyoung was qualified as a High and New Technology Enterprise in 2019 and 2022 and is entitled to a preferential tax rate of 15% from 2019 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Huifeng Juneng was qualified as a High and New Technology Enterprise in 2024 and is entitled to a preferential tax rate of 15% from 2024 to 2026. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shuangdeng Energy Storage was qualified as Micro and Small Enterprise pursuant to the PRC tax regulations and entitled to preferential tax rates of 2.5% for the year ended 31 December 2022.

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax – Mainland					
China	27,326	81,568	56,239	28,605	21,857
Current income tax – Overseas . .	96	99	67	9	186
Deferred income tax (<i>note 15</i>) . .	10,223	(20,692)	(6,925)	(7,275)	(7,366)
Income tax charge for the year/ period	<u>37,645</u>	<u>60,975</u>	<u>49,381</u>	<u>21,339</u>	<u>14,677</u>

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	318,670	446,178	402,712	161,031	141,380
Tax at the tax rate of 15%	47,801	66,927	60,407	24,155	21,207
Effect of different tax rates of the subsidiaries	(209)	970	(4,337)	(515)	(29)
Expenses not deductible for tax . .	3,715	6,039	4,511	1,667	1,265
Additional deductible allowance for research and development costs	(14,521)	(15,652)	(14,982)	(6,197)	(7,814)
Temporary difference and tax losses not recognised	859	2,691	3,782	2,229	48
Tax charge at the Group's effective rate	<u>37,645</u>	<u>60,975</u>	<u>49,381</u>	<u>21,339</u>	<u>14,677</u>

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11. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Dividends.	<u>–</u>	<u>48,366</u>	<u>73,803</u>	<u>–</u>	<u>60,906</u>

The Board of Directors declared the payment of a final dividend of RMBnil, RMB0.135, RMB0.206, nil and RMB0.170 per ordinary share for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025, respectively.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings per share is calculated based on the profit attributable to the owners of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2024. The Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2024.

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	(unaudited) RMB’000	RMB’000
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations.	<u>281,019</u>	<u>385,203</u>	<u>353,331</u>	<u>139,692</u>	<u>126,703</u>
Shares					
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculations	<u>330,929,392</u>	<u>358,269,000</u>	<u>358,269,000</u>	<u>358,269,000</u>	<u>358,269,000</u>

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB’000</i>
31 December 2022							
At 1 January 2022:							
Cost.	351,288	6,553	742,379	7,871	81,588	212,203	1,401,882
Accumulated depreciation and impairment	(135,318)	(4,900)	(395,031)	(6,462)	(58,787)	–	(600,498)
Net carrying amount . .	215,970	1,653	347,348	1,409	22,801	212,203	801,384
At 1 January 2022, net of accumulated depreciation and impairment	215,970	1,653	347,348	1,409	22,801	212,203	801,384
Additions	53	3,460	121,084	3,716	6,957	13,659	148,929
Disposals	(17)	–	(860)	(439)	(309)	–	(1,625)
Depreciation provided during the year	(17,234)	(1,241)	(86,010)	(495)	(11,662)	–	(116,642)
Transfers.	28,033	–	185,330	289	11,411	(225,063)	–
At 31 December 2022, net of accumulated depreciation and impairment	226,805	3,872	566,892	4,480	29,198	799	832,046
At 31 December 2022:							
Cost.	379,358	10,012	1,029,464	7,366	94,708	799	1,521,707
Accumulated depreciation and impairment	(152,553)	(6,140)	(462,572)	(2,886)	(65,510)	–	(689,661)
Net carrying amount . .	226,805	3,872	566,892	4,480	29,198	799	832,046

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost.	379,358	10,012	1,029,464	7,366	94,708	799	1,521,707
Accumulated depreciation and impairment	(152,553)	(6,140)	(462,572)	(2,886)	(65,510)	–	(689,661)
Net carrying amount . .	<u>226,805</u>	<u>3,872</u>	<u>566,892</u>	<u>4,480</u>	<u>29,198</u>	<u>799</u>	<u>832,046</u>
At 1 January 2023, net of accumulated depreciation and impairment	226,805	3,872	566,892	4,480	29,198	799	832,046
Additions	1,636	7,974	6,208	2,981	5,824	360,972	385,595
Disposals	–	(23)	(2,269)	(178)	(305)	–	(2,775)
Reclassification to assets of a disposal group classified as held for sale (<i>note 25</i>)	–	–	(20,248)	–	–	–	(20,248)
Depreciation provided during the year	(17,543)	(1,694)	(81,133)	(1,369)	(8,632)	–	(110,371)
Transfers.	<u>–</u>	<u>–</u>	<u>11,563</u>	<u>197</u>	<u>3,603</u>	<u>(15,363)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>210,898</u>	<u>10,129</u>	<u>481,013</u>	<u>6,111</u>	<u>29,688</u>	<u>346,408</u>	<u>1,084,247</u>
At 31 December 2023:							
Cost.	380,994	17,963	1,001,189	9,782	100,996	346,408	1,857,332
Accumulated depreciation and impairment	(170,096)	(7,834)	(520,176)	(3,671)	(71,308)	–	(773,085)
Net carrying amount . .	<u>210,898</u>	<u>10,129</u>	<u>481,013</u>	<u>6,111</u>	<u>29,688</u>	<u>346,408</u>	<u>1,084,247</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	380,994	17,963	1,001,189	9,782	100,996	346,408	1,857,332
Accumulated depreciation.	(170,096)	(7,834)	(520,176)	(3,671)	(71,308)	–	(773,085)
Net carrying amount . .	210,898	10,129	481,013	6,111	29,688	346,408	1,084,247
At 1 January 2024, net of accumulated depreciation.	210,898	10,129	481,013	6,111	29,688	346,408	1,084,247
Additions	629	3,952	12,260	1,191	15,651	230,519	264,202
Disposals	–	(73)	(3,947)	(35)	(987)	–	(5,042)
Depreciation provided during the year	(22,179)	(2,801)	(89,055)	(1,523)	(10,725)	–	(126,283)
Transfers.	157,624	–	398,859	–	17,964	(574,447)	–
At 31 December 2024, net of accumulated depreciation and impairment	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124
At 31 December 2024:							
Cost.	539,247	16,875	1,402,028	10,743	132,374	2,480	2,103,747
Accumulated depreciation.	(192,275)	(5,668)	(602,898)	(4,999)	(80,783)	–	(886,623)
Net carrying amount . .	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2025							
At 1 January 2025:							
Cost.	539,247	16,875	1,402,028	10,743	132,374	2,480	2,103,747
Accumulated depreciation.	(192,275)	(5,668)	(602,898)	(4,999)	(80,783)	–	(886,623)
Net carrying amount . .	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124
At 1 January 2025, net of accumulated depreciation.	346,972	11,207	799,130	5,744	51,591	2,480	1,217,124
Additions	7,744	–	1,910	202	1,059	17,077	27,992
Disposals	–	(87)	(206)	(1)	(90)	–	(384)
Depreciation provided during the period . .	(10,549)	(1,380)	(45,231)	(696)	(5,704)	–	(63,560)
Transfers.	–	–	3,216	–	200	(3,416)	–
Exchange realignment .	–	119	467	7	42	–	635
At 31 May 2025, net of accumulated depreciation.	344,167	9,859	759,286	5,256	47,098	16,141	1,181,807
At 31 May 2025:							
Cost.	546,991	16,909	1,405,113	10,932	133,276	16,141	2,129,362
Accumulated depreciation.	(202,824)	(7,050)	(645,827)	(5,676)	(86,178)	–	(947,555)
Net carrying amount . .	344,167	9,859	759,286	5,256	47,098	16,141	1,181,807

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s buildings with net carrying amounts of approximately RMB177,754,000, RMB164,245,000, RMB125,114,000 and RMB427,178,000, respectively, were pledged to secure certain interest-bearing bank and other borrowings of the Group. Further details are given in note 29 to the Historical Financial Information.

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The Company

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
At 1 January 2022:							
Cost.	216,350	5,949	393,824	6,414	54,804	33,553	710,894
Accumulated depreciation and impairment	(67,265)	(4,769)	(211,848)	(5,349)	(36,182)	–	(325,413)
Net carrying amount . .	<u>149,085</u>	<u>1,180</u>	<u>181,976</u>	<u>1,065</u>	<u>18,622</u>	<u>33,553</u>	<u>385,481</u>
At 1 January 2022, net of accumulated depreciation and impairment	149,085	1,180	181,976	1,065	18,622	33,553	385,481
Additions	–	2,720	15,577	3,598	3,714	3,024	28,633
Disposals	(11)	–	(30,745)	(439)	(191)	–	(31,386)
Depreciation provided during the year . . .	(10,285)	(932)	(33,804)	(403)	(7,978)	–	(53,402)
Transfers.	–	–	28,890	82	6,901	(35,873)	–
At 31 December 2022, net of accumulated depreciation and impairment	<u>138,789</u>	<u>2,968</u>	<u>161,894</u>	<u>3,903</u>	<u>21,068</u>	<u>704</u>	<u>329,326</u>
At 31 December 2022:							
Cost.	216,339	8,669	403,591	5,585	62,041	704	696,929
Accumulated depreciation and impairment	(77,550)	(5,701)	(241,697)	(1,682)	(40,973)	–	(367,603)
Net carrying amount . .	<u>138,789</u>	<u>2,968</u>	<u>161,894</u>	<u>3,903</u>	<u>21,068</u>	<u>704</u>	<u>329,326</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost.	216,339	8,669	403,591	5,585	62,041	704	696,929
Accumulated depreciation and impairment	(77,550)	(5,701)	(241,697)	(1,682)	(40,973)	–	(367,603)
Net carrying amount . .	<u>138,789</u>	<u>2,968</u>	<u>161,894</u>	<u>3,903</u>	<u>21,068</u>	<u>704</u>	<u>329,326</u>
At 1 January 2023, net of accumulated depreciation and impairment	138,789	2,968	161,894	3,903	21,068	704	329,326
Additions	176	6,946	557	2,483	4,755	56,255	71,172
Disposals	–	–	(1,059)	(157)	(48)	–	(1,264)
Depreciation provided during the year . .	(10,283)	(1,274)	(27,911)	(1,061)	(6,729)	–	(47,258)
Transfers.	–	–	3,049	197	3,220	(6,466)	–
At 31 December 2023, net of accumulated depreciation and impairment	<u>128,682</u>	<u>8,640</u>	<u>136,530</u>	<u>5,365</u>	<u>22,266</u>	<u>50,493</u>	<u>351,976</u>
At 31 December 2023:							
Cost.	216,515	15,615	397,774	7,917	69,216	50,493	757,530
Accumulated depreciation and impairment	(87,833)	(6,975)	(261,244)	(2,552)	(46,950)	–	(405,554)
Net carrying amount . .	<u>128,682</u>	<u>8,640</u>	<u>136,530</u>	<u>5,365</u>	<u>22,266</u>	<u>50,493</u>	<u>351,976</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	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>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	216,515	15,615	397,774	7,917	69,216	50,493	757,530
Accumulated depreciation and impairment	(87,833)	(6,975)	(261,244)	(2,552)	(46,950)	–	(405,554)
Net carrying amount . .	<u>128,682</u>	<u>8,640</u>	<u>136,530</u>	<u>5,365</u>	<u>22,266</u>	<u>50,493</u>	<u>351,976</u>
At 1 January 2024, net of accumulated depreciation and impairment	128,682	8,640	136,530	5,365	22,266	50,493	351,976
Additions	580	988	14	499	7,769	33,652	43,502
Disposals	–	(28)	(877)	(9)	(28)	–	(942)
Depreciation provided during the year . . .	(11,478)	(2,282)	(26,264)	(1,295)	(7,342)	–	(48,661)
Transfers.	<u>27,220</u>	<u>–</u>	<u>49,530</u>	<u>–</u>	<u>6,602</u>	<u>(83,352)</u>	<u>–</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>145,004</u>	<u>7,318</u>	<u>158,933</u>	<u>4,560</u>	<u>29,267</u>	<u>793</u>	<u>345,875</u>
At 31 December 2024:							
Cost.	244,315	11,609	445,039	8,247	83,238	793	793,241
Accumulated depreciation and impairment	(99,311)	(4,291)	(286,106)	(3,687)	(53,971)	–	(447,366)
Net carrying amount . .	<u>145,004</u>	<u>7,318</u>	<u>158,933</u>	<u>4,560</u>	<u>29,267</u>	<u>793</u>	<u>345,875</u>

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	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2025							
At 1 January 2025:							
Cost.	244,315	11,609	445,039	8,247	83,238	793	793,241
Accumulated depreciation.	(99,311)	(4,291)	(286,106)	(3,687)	(53,971)	–	(447,366)
Net carrying amount . .	145,004	7,318	158,933	4,560	29,267	793	345,875
At 1 January 2025, net of accumulated depreciation.	145,004	7,318	158,933	4,560	29,267	793	345,875
Additions	1,329	–	851	154	455	8,294	11,083
Disposals	–	(73)	(192)	(1)	(14)	–	(280)
Depreciation provided during the period . .	(4,850)	(931)	(10,661)	(564)	(3,498)	–	(20,504)
Transfers.	–	–	1,013	–	146	(1,159)	–
At 31 May 2025, net of accumulated depreciation.	141,483	6,314	149,944	4,149	26,356	7,928	336,174
At 31 May 2025:							
Cost.	245,644	11,536	444,535	8,381	83,781	7,928	801,805
Accumulated depreciation.	(104,161)	(5,222)	(294,591)	(4,232)	(57,425)	–	(465,631)
Net carrying amount . .	141,483	6,314	149,944	4,149	26,356	7,928	336,174

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Company’s buildings with net carrying amounts of approximately RMB117,248,000, RMB108,290,000, RMB125,114,000 and RMB122,163,000, respectively, were pledged to secure certain interest-bearing bank and other borrowings of the Company. Further details are given in note 29 to the Historical Financial Information.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts mainly for various items of buildings used in its operations. Leases of buildings generally have lease terms between 24 months and 72 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during each of the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022	128,785	10,510	139,295
Additions	–	5,598	5,598
Depreciation charge	(3,180)	(5,996)	(9,176)
Disposal as a result of decrease the scope of lease	–	(89)	(89)
As at 31 December 2022 and 1 January 2023	125,605	10,023	135,628
Additions	24,922	7,753	32,675
Depreciation charge	(3,595)	(5,878)	(9,473)
Reclassification to assets of a disposal group classified as held for sale (note 25).	–	(1,000)	(1,000)
Disposal as a result of decrease the scope of lease	–	(1,124)	(1,124)
As at 31 December 2023 and 1 January 2024	146,932	9,774	156,706
Additions	6,520	14,481	21,001
Depreciation charge	(3,917)	(9,008)	(12,925)
Exchange realignment	–	326	326
As at 31 December 2024 and 1 January 2025	149,535	15,573	165,108
Additions	–	4,791	4,791
Depreciation charge	(1,587)	(5,065)	(6,652)
Exchange realignment	–	230	230
Disposal as a result of decrease the scope of lease	–	(240)	(240)
As at 31 May 2025	<u>147,948</u>	<u>15,289</u>	<u>163,237</u>

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As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the leasehold land with aggregate net carrying amounts of approximately RMB115,276,000, RMB136,855,000 and RMB96,887,000 and RMB95,911,000, respectively, was pledged to secure certain interest-bearing bank borrowings of the Group. Further details are given in note 29 to the Historical Financial Information.

The Company

	Leasehold land	Buildings	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022	78,319	10,885	89,204
Additions	–	5,599	5,599
Depreciation charge	(1,843)	(7,452)	(9,295)
Disposal as a result of decrease the scope of lease	<u>–</u>	<u>(90)</u>	<u>(90)</u>
As at 31 December 2022 and 1 January 2023	76,476	8,942	85,418
Additions	–	9,305	9,305
Depreciation charge	(1,843)	(7,349)	(9,192)
Disposal as a result of decrease the scope of lease	<u>–</u>	<u>(1,124)</u>	<u>(1,124)</u>
As at 31 December 2023 and 1 January 2024	74,633	9,774	84,407
Additions	–	8,939	8,939
Depreciation charge	(1,843)	(9,114)	(10,957)
Revision of a lease term arising from a change in the non-cancellable period of a lease	<u>–</u>	<u>1,085</u>	<u>1,085</u>
As at 31 December 2024 and 1 January 2025	72,790	10,684	83,474
Additions	–	5,285	5,285
Depreciation charge	(768)	(4,453)	(5,221)
Disposal as a result of decrease the scope of lease	<u>–</u>	<u>(241)</u>	<u>(241)</u>
As at 31 May 2025	<u>72,022</u>	<u>11,275</u>	<u>83,297</u>

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As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the leasehold land with aggregate net carrying amounts of approximately RMB76,476,000, RMB74,633,000, RMB72,790,000 and RMB72,022,000, respectively, was pledged to secure certain interest-bearing bank borrowings of the Company. Further details are given in note 29 to the Historical Financial Information.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during each of the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	10,241	9,992	10,389	16,614
New lease	5,598	7,753	14,481	4,791
Liabilities included in held for sale (note 25)	–	(822)	–	–
Accretion of interest recognised during the year/period	535	391	531	233
Payments	(6,293)	(5,761)	(9,113)	(6,505)
Disposal as a result of decrease the scope of lease	(89)	(1,164)	–	(262)
Exchange realignment	–	–	326	237
Carrying amount at the end of the year/period	<u>9,992</u>	<u>10,389</u>	<u>16,614</u>	<u>15,108</u>
Analysed into:				
Current portion	5,128	6,496	8,017	6,802
Non-current portion	<u>4,864</u>	<u>3,893</u>	<u>8,597</u>	<u>8,306</u>

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The Company

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Carrying amount at the beginning of the year/period	11,038	9,205	10,389	11,541
New lease	5,599	9,305	8,939	5,285
Accretion of interest recognised during the year/period	542	397	437	172
Payments	(7,885)	(7,354)	(9,309)	(5,866)
Disposal as a result of decrease the scope of lease	(89)	(1,164)	–	(262)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	1,085	–
Carrying amount at the end of the year/period	<u>9,205</u>	<u>10,389</u>	<u>11,541</u>	<u>10,870</u>
Analysed into:				
Current portion	5,163	6,496	6,917	6,229
Non-current portion	<u>4,042</u>	<u>3,893</u>	<u>4,624</u>	<u>4,641</u>

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

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

The Group

	Year ended 31 December			Five months ended	
	2022	2023	2024	31 May	
	RMB’000	RMB’000	RMB’000	2024	2025
				(unaudited)	
				RMB’000	RMB’000
Interest on lease liabilities	535	391	531	225	233
Depreciation charge of right-of-use assets	9,176	9,473	12,925	5,022	6,652
Expense relating to short-term leases	<u>3,957</u>	<u>4,511</u>	<u>5,817</u>	<u>2,540</u>	<u>2,524</u>
Total amount recognised in profit or loss	<u>13,668</u>	<u>14,375</u>	<u>19,273</u>	<u>7,787</u>	<u>9,409</u>

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The Company

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Interest on lease liabilities	542	397	437	190	172
Depreciation charge of right-of-use assets	9,295	9,192	10,957	4,428	5,221
Expense relating to short- term leases	<u>3,957</u>	<u>4,511</u>	<u>5,817</u>	<u>2,540</u>	<u>2,524</u>
Total amount recognised in profit or loss	<u>13,794</u>	<u>14,100</u>	<u>17,211</u>	<u>7,158</u>	<u>7,917</u>

(d) *The total cash outflow for leases is disclosed in note 36 to the Historical Financial Information.*

Included in the lease liabilities, amounts of RMB8,925,000, RMB7,144,000, RMB2,685,000 and RMB4,379,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively, were due to related parties. Details are disclosed in note 39 to the Historical Financial Information.

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15. DEFERRED TAX

The Group

The movements in deferred tax liabilities and assets during the year/period are as follows:

Deferred tax assets

	Impairment of financial and contract assets	Impairment of inventories plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	10,000	2,235	1,536	13,504	11,215	14,056	4,314	1,436	58,296
Deferred tax credited/(charged) to the profit or loss during the year (note 10).	3,567	(13)	(37)	(9,072)	1,695	(6,099)	1,177	(1,436)	(10,218)
Gross deferred tax assets at 31 December 2022	13,567	2,222	1,499	4,432	12,910	7,957	5,491	–	48,078
Deferred tax (charged)/credited to the profit or loss during the year (note 10).	(1,207)	5,851	183	(1,822)	12,197	4,250	488	786	20,726
Gross deferred tax assets at 31 December 2023	12,360	8,073	1,682	2,610	25,107	12,207	5,979	786	68,804

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	Impairment of financial and contract assets	Impairment of inventories and property, plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 31 December 2023 and 1 January 2024.	12,360	8,073	1,682	2,610	25,107	12,207	5,979	786	68,804
Deferred tax credited/(charged) to the profit or loss during the year (note 10).	2,662	(2,911)	1,267	(2,610)	10,500	1,399	(151)	(1,568)	8,588
Gross deferred tax assets at 31 December 2024 and 1 January 2025.	15,022	5,162	2,949	–	35,607	13,606	5,828	(782)	77,392
Deferred tax (charged)/credited to the profit or loss during the period (note 10).	(278)	(336)	(535)	1,734	(489)	1,939	441	4,310	6,786
Gross deferred tax assets at 31 May 2025	14,744	4,826	2,414	1,734	35,118	15,545	6,269	3,528	84,178

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Deferred tax liabilities

	Fair value changes on financial assets at fair value through profit or loss	Right-of-use assets	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022.	—	1,577	1,577
Deferred tax charged/(credited) to the statement of profit or loss during the year (<i>note 10</i>).	79	(74)	5
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	79	1,503	1,582
Deferred tax (credited)/charged to the statement of profit or loss during the year (<i>note 10</i>).	(79)	113	34
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	—	1,616	1,616
Deferred tax charged to the statement of profit or loss during the year (<i>note 10</i>).	—	1,663	1,663
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025.	—	3,279	3,279
Deferred tax credited to the statement of profit or loss during the period (<i>note 10</i>).	—	(580)	(580)
Gross deferred tax assets at 31 May 2025.	—	2,699	2,699

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

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Net deferred tax assets recognised in the consolidated statement of financial position	46,496	67,188	74,113	81,479
Net deferred tax liabilities recognised in the consolidated statement of financial position .	–	–	–	–

For the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group has tax losses arising overseas of RMB2,421,000, RMB2,900,000, RMB5,369,000 and RMB6,835,000, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

For the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group also has tax losses arising in Mainland China of RMB54,980,000, RMB36,444,000, RMB38,314,000 and RMB40,080,000, respectively, that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at
	2022	2023	2024	31 May
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Deductible temporary differences.	229	28,129	549	1,911
Tax losses	27,852	22,072	41,286	39,845

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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The Company

The movements in deferred tax liabilities and assets during the year/period are as follows:

Deferred tax assets

	Impairment of financial and contract assets	Impairment of inventories and property, plant and equipment	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 . . .	9,237	1,921	1,656	6,034	7,569	11,073	4,314	–	41,804
Deferred tax credited/ (charged) to the profit or loss during the year	3,520	(139)	(275)	(6,034)	(421)	(5,089)	1,177	–	(7,261)
Gross deferred tax assets at 31 December 2022 and 1 January 2023	12,757	1,782	1,381	–	7,148	5,984	5,491	–	34,543
Deferred tax credited to the profit or loss during the year	342	4,701	177	–	2,490	3,492	488	–	11,690

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	Impairment of inventories and property, plant and equipment	Impairment of financial and contract assets	Losses available for offsetting against future taxable profits	Deferred government grants	Accrued expenses	Provisions	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 31 December 2023 and 1 January 2024	13,099	6,483	1,558	9,638	9,476	5,979	–	46,233
Deferred tax credited/ (charged) to the profit or loss during the year	2,705	(2,699)	173	(1,008)	(507)	(151)	127	(1,360)
Gross deferred tax assets at 31 December 2024 and 1 January 2025 .	15,804	3,784	1,731	8,630	8,969	5,828	127	44,873
Deferred tax (charged)/ credited to the profit or loss during the period	(235)	35	(100)	(674)	624	441	(54)	37
Gross deferred tax liabilities at 31 May 2025	15,569	3,819	1,631	7,956	9,593	6,269	73	44,910

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Deferred tax liabilities

	Fair value changes on financial assets at fair value through profit or loss	Right-of-use assets	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022	–	1,633	1,633
Deferred tax charged/(credited) to the statement of profit or loss during the year	<u>79</u>	<u>(292)</u>	<u>(213)</u>
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	79	1,341	1,420
Deferred tax (credited)/charged to the statement of profit or loss during the year	<u>(79)</u>	<u>125</u>	<u>46</u>
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	–	1,466	1,466
Deferred tax charged to the statement of profit or loss during the year . . .	<u>–</u>	<u>640</u>	<u>640</u>
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	–	2,106	2,106
Deferred tax credited to the statement of profit or loss during the period. .	<u>–</u>	<u>(415)</u>	<u>(415)</u>
Gross deferred tax assets at 31 May 2025	<u>–</u>	<u>1,691</u>	<u>1,691</u>

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

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Net deferred tax assets recognised in the consolidated statement of financial position	33,123	44,767	42,767	43,219
Net deferred tax liabilities recognised in the consolidated statement of financial position .	—	—	—	—

For the year ended 31 December 2021, the Company has tax losses arising in Mainland China of RMB39,955,000 that will expire in one to ten years for offsetting against future taxable profits.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

16. INVESTMENT IN AN ASSOCIATE

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets.	<u>16,813</u>	<u>16,338</u>	<u>16,766</u>	<u>16,798</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets.	<u>10,310</u>	<u>9,836</u>	<u>10,263</u>	<u>10,295</u>

The Group’s other payable balances with the associate are disclosed in note 39 to the Historical Financial Information.

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Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. (「雙登天鵬冶金江蘇有限公司」)*	Registered capital of RMB1 each	PRC/ Mainland China	18%	Recycling of battery products

* The English name of the company represents the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.

Despite the fact that the Group’s equity interest in Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. was 18% which was lower than 20%, the Group had significant influence with a board representative assigned and had the right to participate in the financial and operating policy decisions of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.

The following table illustrates the summarised financial information in respect of Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd. reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current assets	41,892	127,951	245,471	245,585
Non-current assets	51,459	48,487	48,381	48,659
Current liabilities	(3,672)	(70,993)	(226,036)	(227,052)
Non-current liabilities	(32,400)	(50,800)	(10,800)	(10,000)
Net assets.	57,279	54,645	57,016	57,192
Reconciliation to the Group’s interest in the associate:				
Proportion of the Group’s ownership	18%	18%	18%	18%
Carrying amount of the investment	10,310	9,836	10,263	10,295
Revenues	522,498	797,769	1,333,711	621,410
(Loss)/profit for the year/period. .	(5,027)	(2,644)	2,373	180
Total comprehensive (loss)/income for the year/period	(5,027)	(2,644)	2,373	180

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17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

		As at 31 December			As at 31 May
		2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
Current					
Prepayments		66,755	26,957	40,921	69,502
Prepaid value-added tax	(i)	6,423	31,078	5,478	17,959
Deposits and other receivables	(ii)	9,552	5,895	38,891	39,580
		<u>82,730</u>	<u>63,930</u>	<u>85,290</u>	<u>127,041</u>
Non-current					
Prepayments for property, plant and equipment		2,124	4,859	–	–
Deposits and other receivables	(ii)	562	2,285	2,358	1,748
Total		<u>2,686</u>	<u>7,144</u>	<u>2,358</u>	<u>1,748</u>

The Company

		As at 31 December			As at 31 May
		2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
Current					
Prepayments		30,849	21,446	37,724	57,093
Prepaid value-added tax	(i)	2,646	928	161	161
Deposits and other receivables	(ii)	9,405	5,703	37,755	38,437
Total		<u>42,900</u>	<u>28,077</u>	<u>75,640</u>	<u>95,691</u>
Non-current					
Prepayments for property, plant and equipment		1,022	2,661	–	–
Deposits and other receivables	(ii)	212	2,249	1,567	953
Total		<u>1,234</u>	<u>4,910</u>	<u>1,567</u>	<u>953</u>

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- (i) The Group’s domestic sales of goods and rendering of services are subject to PRC value-added-tax (“VAT”). Input VAT on purchases can be deducted from output VAT payable.
- (ii) The financial assets included in the above balances relate to deposits and other receivables which were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking factors and information. During the Relevant Periods, the deposits and other receivables had no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.
- (iii) As at 31 December 2024 and 31 May 2025, the Group and the Company’s deposits and other receivables of RMB5,108,000 and RMB4,422,000 were pledged for future guarantee.

18. OTHER INTANGIBLE ASSETS

The Group

	<u>Software</u>
	<u>RMB’000</u>
31 December 2022	
At 1 January 2022:	
Cost	17,239
Accumulated amortisation.	<u>(11,436)</u>
Net carrying amount	<u><u>5,803</u></u>
Cost at 1 January 2022, net of accumulated amortisation.	5,803
Additions	3,824
Amortisation provided during the year	<u>(2,275)</u>
At 31 December 2022	<u><u>7,352</u></u>
At 31 December 2022:	
Cost	21,063
Accumulated amortisation.	<u>(13,711)</u>
Net carrying amount	<u><u>7,352</u></u>

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	<u>Software</u>
	<i>RMB’000</i>
31 December 2023	
At 1 January 2023:	
Cost	21,063
Accumulated amortisation.	<u>(13,711)</u>
Net carrying amount	<u><u>7,352</u></u>
Cost at 1 January 2023, net of accumulated amortisation.	7,352
Additions	2,354
Amortisation provided during the year	<u>(2,557)</u>
At 31 December 2023	<u><u>7,149</u></u>
At 31 December 2023:	
Cost	23,417
Accumulated amortisation.	<u>(16,268)</u>
Net carrying amount	<u><u>7,149</u></u>
31 December 2024	
At 1 January 2024:	
Cost	23,417
Accumulated amortisation.	<u>(16,268)</u>
Net carrying amount	<u><u>7,149</u></u>
Cost at 1 January 2024, net of accumulated amortisation.	7,149
Additions	4,795
Amortisation provided during the period.	<u>(3,623)</u>
At 31 December 2024	<u><u>8,321</u></u>
At 31 December 2024:	
Cost	28,212
Accumulated amortisation.	<u>(19,891)</u>
Net carrying amount	<u><u>8,321</u></u>

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	<u>Software</u>
	<i>RMB’000</i>
31 May 2025	
At 1 January 2025:	
Cost	28,212
Accumulated amortisation.	<u>(19,891)</u>
Net carrying amount	<u><u>8,321</u></u>
Cost at 1 January 2025, net of accumulated amortisation.	8,321
Additions	741
Amortisation provided during the period.	<u>(1,274)</u>
At 31 May 2025	<u><u>7,788</u></u>
At 31 May 2025:	
Cost	28,953
Accumulated amortisation.	<u>(21,165)</u>
Net carrying amount	<u><u>7,788</u></u>

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The Company

	Software
	<i>RMB’000</i>
31 December 2022	
At 1 January 2022:	
Cost	16,933
Accumulated amortisation.	<u>(11,383)</u>
Net carrying amount	<u><u>5,550</u></u>
Cost at 1 January 2022, net of accumulated amortisation.	5,550
Additions	795
Amortisation provided during the year	<u>(1,670)</u>
At 31 December 2022	<u><u>4,675</u></u>
At 31 December 2022:	
Cost	17,728
Accumulated amortisation.	<u>(13,053)</u>
Net carrying amount	<u><u>4,675</u></u>
Cost at 1 January 2023, net of accumulated amortisation.	4,675
Additions	2,235
Amortisation provided during the year	<u>(1,901)</u>
At 31 December 2023	<u><u>5,009</u></u>
At 31 December 2023:	
Cost	19,963
Accumulated amortisation.	<u>(14,954)</u>
Net carrying amount	<u><u>5,009</u></u>

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	<u>Software</u>
	<i>RMB’000</i>
31 December 2024	
At 1 January 2024:	
Cost	19,963
Accumulated amortisation.	<u>(14,954)</u>
Net carrying amount	<u><u>5,009</u></u>
Cost at 1 January 2024, net of accumulated amortisation.	5,009
Additions	3,532
Amortisation provided during the year	<u>(2,795)</u>
At 31 December 2024	<u><u>5,746</u></u>
At 31 December 2024:	
Cost	23,495
Accumulated amortisation.	<u>(17,749)</u>
Net carrying amount	<u><u>5,746</u></u>
31 May 2025	
At 1 January 2025:	
Cost	23,495
Accumulated amortisation	<u>(17,749)</u>
Net carrying amount	<u><u>5,746</u></u>
Cost at 1 January 2025, net of accumulated amortisation.	5,746
Additions	353
Amortisation provided during the period.	<u>(881)</u>
At 31 May 2025	<u><u>5,218</u></u>
At 31 May 2025:	
Cost	23,848
Accumulated amortisation	<u>(18,630)</u>
Net carrying amount	<u><u>5,218</u></u>

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19. INVENTORIES

The Group

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Raw materials	130,689	50,499	62,501	109,745
Work in progress	229,067	304,463	260,227	285,088
Goods in transit	60,172	29,037	30,426	26,612
Finished goods	<u>131,844</u>	<u>129,056</u>	<u>191,835</u>	<u>383,265</u>
	551,772	513,055	544,989	804,710
Impairment allowance	<u>(14,810)</u>	<u>(53,821)</u>	<u>(31,483)</u>	<u>(30,931)</u>
Total	<u><u>536,962</u></u>	<u><u>459,234</u></u>	<u><u>513,506</u></u>	<u><u>773,779</u></u>

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

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year/ period	13,780	14,810	53,821	31,483
Provision for impairment losses, net	<u>1,030</u>	<u>39,011</u>	<u>(22,338)</u>	<u>(552)</u>
At the end of the year/period . . .	<u><u>14,810</u></u>	<u><u>53,821</u></u>	<u><u>31,483</u></u>	<u><u>30,931</u></u>

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The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Raw materials	77,840	30,581	27,977	66,039
Work in progress.	149,834	255,544	192,984	195,865
Goods in transit	60,172	29,037	30,426	26,612
Finished goods	107,576	86,184	105,491	278,485
	395,422	401,346	356,878	567,001
Impairment allowance	(11,882)	(43,218)	(25,227)	(25,461)
Total	<u>383,540</u>	<u>358,128</u>	<u>331,651</u>	<u>541,540</u>

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

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/ period.	11,258	11,882	43,218	25,227
Provision for impairment losses, net	624	31,336	(17,991)	234
At the end of the year/period . . .	<u>11,882</u>	<u>43,218</u>	<u>25,227</u>	<u>25,461</u>

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20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	1,876,808	1,601,100	2,303,208	2,386,187
Bills receivables	71,384	84,467	108,186	91,646
Impairment	(85,981)	(76,249)	(93,113)	(91,270)
Total	<u>1,862,211</u>	<u>1,609,318</u>	<u>2,318,281</u>	<u>2,386,563</u>
Denominated in RMB	1,596,408	1,371,254	2,075,333	2,160,339
Denominated in USD	263,064	235,391	239,128	222,107
Denominated in EUR	<u>2,739</u>	<u>2,673</u>	<u>3,820</u>	<u>4,117</u>
Total	<u>1,862,211</u>	<u>1,609,318</u>	<u>2,318,281</u>	<u>2,386,563</u>

The Group’s trading terms with its customers are mainly on credit. The credit term is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group’s bills receivables were all aged within six months and were not past due.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the bills receivables with net carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000 respectively, were pledged to secure certain of interest-bearing bank borrowings of the Group (note 29).

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the trade receivables with net carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000 respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Group (note 29).

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An ageing analysis of the Group’s trade and bills receivables, based on the revenues recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	1,539,794	1,353,109	2,002,842	2,074,787
7 to 12 months	219,859	162,330	207,905	204,561
1 to 2 years	88,935	84,630	100,448	100,994
2 to 3 years	11,976	8,772	6,132	5,449
3 to 4 years	1,647	477	954	772
Total	<u>1,862,211</u>	<u>1,609,318</u>	<u>2,318,281</u>	<u>2,386,563</u>

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

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/ period	64,521	85,981	76,249	93,113
Impairment losses, net	21,495	5,254	17,526	(1,437)
Amount written off as uncollectible	(35)	(2,982)	(662)	(406)
Reclassification to assets of a disposal group classified as held for sale	—	(12,004)	—	—
At the end of the year/period . . .	<u>85,981</u>	<u>76,249</u>	<u>93,113</u>	<u>91,270</u>

The Group applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management’s approval.

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During the Relevant Periods, there was no significant fluctuation for the overall expected credit loss rates, so the Group adopted similar expected credit loss rate.

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

As at 31 December 2022

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount</u>	<u>Expected credit losses</u>	<u>Net carrying amount</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	14,275	14,275	–
Provision on a collective basis				
Aged less than 6 months	2.00	1,569,826	30,032	1,539,794
Aged 7 to 12 months	5.00	231,431	11,572	219,859
Aged 1 to 2 years	15.00	104,628	15,693	88,935
Aged 2 to 3 years	30.00	17,109	5,133	11,976
Aged 3 to 4 years	80.00	8,237	6,590	1,647
Aged over 4 years	100.00	<u>2,686</u>	<u>2,686</u>	<u>–</u>
Total		<u>1,948,192</u>	<u>85,981</u>	<u>1,862,211</u>

As at 31 December 2023

	<u>Expected credit loss rate (%)</u>	<u>Gross carrying amount</u>	<u>Expected credit loss</u>	<u>Net carrying amount</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	90.25	19,025	17,168	1,857
Provision on a collective basis				
Aged less than 6 months	2.00	1,377,282	26,030	1,351,252
Aged 7 to 12 months	5.00	170,874	8,544	162,330
Aged 1 to 2 years	15.00	99,565	14,935	84,630
Aged 2 to 3 years	30.00	12,532	3,760	8,772
Aged 3 to 4 years	80.00	2,386	1,909	477
Aged over 4 years	100.00	<u>3,903</u>	<u>3,903</u>	<u>–</u>
Total		<u>1,685,567</u>	<u>76,249</u>	<u>1,609,318</u>

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As at 31 December 2024

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	15,483	15,483	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,041,930	39,088	2,002,842
Aged 7 to 12 months	5.00	218,847	10,942	207,905
Aged 1 to 2 years	15.00	118,174	17,726	100,448
Aged 2 to 3 years	30.00	8,760	2,628	6,132
Aged 3 to 4 years	80.00	4,770	3,816	954
Aged over 4 years	100.00	<u>3,430</u>	<u>3,430</u>	<u>–</u>
Total		<u>2,411,394</u>	<u>93,113</u>	<u>2,318,281</u>

As at 31 May 2025

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	11,915	11,915	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,115,798	41,011	2,074,787
Aged 7 to 12 months	5.00	215,327	10,766	204,561
Aged 1 to 2 years	15.00	118,816	17,822	100,994
Aged 2 to 3 years	30.00	7,784	2,335	5,449
Aged 3 to 4 years	80.00	3,859	3,087	772
Aged over 4 years	100.00	<u>4,334</u>	<u>4,334</u>	<u>–</u>
Total		<u>2,477,833</u>	<u>91,270</u>	<u>2,386,563</u>

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The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	1,857,706	1,596,209	2,269,514	2,284,981
Bills receivables	71,384	84,467	108,186	91,646
Impairment.	(79,497)	(74,046)	(90,654)	(87,693)
Net carrying amount	<u>1,849,593</u>	<u>1,606,630</u>	<u>2,287,046</u>	<u>2,288,934</u>

The Company’s trading terms with its customers are mainly on credit. The credit period is generally from one to six months. The Company seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Company’s bills receivable were all aged within six months and were not past due.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the bills receivables with net carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000, respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Company (note 29).

As at 31 December 2022, 2023 and 2024 and 31 May 2025 certain of the trade receivables with net carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000, respectively, were pledged to secure certain of the interest-bearing bank borrowings of the Company (note 29).

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An ageing analysis of the Company’s trade and bills receivables, based on the revenues recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 6 months	1,537,756	1,352,432	1,973,862	1,979,895
7 to 12 months	217,118	162,263	206,223	201,936
1 to 2 years	84,593	83,943	100,366	100,988
2 to 3 years	9,136	7,617	5,700	5,373
3 to 4 years	990	375	895	742
Total	<u>1,849,593</u>	<u>1,606,630</u>	<u>2,287,046</u>	<u>2,288,934</u>

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

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/ period.	57,807	79,497	74,046	90,654
Impairment losses, net	<u>21,690</u>	<u>(5,451)</u>	<u>16,608</u>	<u>(2,961)</u>
At the end of the year/period . . .	<u>79,497</u>	<u>74,046</u>	<u>90,654</u>	<u>87,693</u>

The Company apply the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off according to management’s approval.

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

As at 31 December 2022

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	14,275	14,275	–
Provision on a collective basis				
Aged less than 6 months	2.00	1,566,645	29,969	1,536,676
Aged 7 to 12 months	5.00	228,545	11,427	217,118
Aged 1 to 2 years	15.00	100,380	15,057	85,323
Aged 2 to 3 years	30.00	13,551	4,065	9,486
Aged 3 to 4 years	80.00	4,952	3,962	990
Aged over 4 years	100.00	<u>742</u>	<u>742</u>	<u>–</u>
Total		<u>1,929,090</u>	<u>79,497</u>	<u>1,849,593</u>

As at 31 December 2023

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	90.25	19,025	17,170	1,855
Provision on a collective basis				
Aged less than 6 months	2.00	1,376,593	26,016	1,350,577
Aged 7 to 12 months	5.00	170,803	8,540	162,263
Aged 1 to 2 years	15.00	98,756	14,813	83,943
Aged 2 to 3 years	30.00	10,882	3,265	7,617
Aged 3 to 4 years	80.00	1,873	1,498	375
Aged over 4 years	100.00	<u>2,744</u>	<u>2,744</u>	<u>–</u>
Total		<u>1,680,676</u>	<u>74,046</u>	<u>1,606,630</u>

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As at 31 December 2024

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	15,483	15,483	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,012,360	38,496	1,973,864
Aged 7 to 12 months	5.00	217,077	10,854	206,223
Aged 1 to 2 years	15.00	118,077	17,712	100,365
Aged 2 to 3 years	30.00	8,142	2,443	5,699
Aged 3 to 4 years	80.00	4,475	3,580	895
Aged over 4 years	100.00	<u>2,086</u>	<u>2,086</u>	<u>–</u>
Total		<u>2,377,700</u>	<u>90,654</u>	<u>2,287,046</u>

As at 31 May 2025

	Expected credit loss rate (%)	Gross carrying amount	Expected credit loss	Net carrying amount
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Provision on an individual basis .	100.00	11,915	11,915	–
Provision on a collective basis				
Aged less than 6 months	2.00	2,018,962	39,067	1,979,895
Aged 7 to 12 months	5.00	212,564	10,628	201,936
Aged 1 to 2 years	15.00	118,809	17,821	100,988
Aged 2 to 3 years	30.00	7,676	2,303	5,373
Aged 3 to 4 years	80.00	3,709	2,967	742
Aged over 4 years	100.00	<u>2,992</u>	<u>2,992</u>	<u>–</u>
Total		<u>2,376,627</u>	<u>87,693</u>	<u>2,288,934</u>

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21. CONTRACT ASSETS

The Group and the Company

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contract assets arising from:				
Sale of products	9,590	17,937	16,866	17,899
Impairment.	<u>(1,074)</u>	<u>(2,507)</u>	<u>(3,166)</u>	<u>(3,886)</u>
Net carrying amount	<u>8,516</u>	<u>15,430</u>	<u>13,700</u>	<u>14,013</u>

The expected timing of recovery or settlement for contract assets at the end of each of the Relevant Periods is as follows:

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year	1,608	7,020	546	729
After one year.	<u>6,908</u>	<u>8,410</u>	<u>13,154</u>	<u>13,284</u>
Total	<u>8,516</u>	<u>15,430</u>	<u>13,700</u>	<u>14,013</u>

The Group and the Company

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

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year/ period.	464	1,074	2,507	3,166
Impairment losses, net	<u>610</u>	<u>1,433</u>	<u>659</u>	<u>720</u>
At the end of the year/period . . .	<u>1,074</u>	<u>2,507</u>	<u>3,166</u>	<u>3,886</u>

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An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the ageing from the invoice of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The expected credit losses on the Group’s contract assets for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025 were assessed to be minimal. Set out below is the information about the credit risk exposure on the Group’s contract assets using a provision matrix for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
Expected credit loss rate.	11.20%	13.98%	18.77%	21.71%
Gross carrying amount (RMB’000)	9,590	17,937	16,866	17,899
Expected credit losses (RMB’000)	1,074	2,507	3,166	3,886

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Asset				
Wealth management products (i)	—	—	86,000	—
Forward currency contracts	—	—	3,355	—
Liability				
Derivative financial instruments (ii)	—	—	842	489

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- (i) The unlisted investments were wealth management products issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (ii) The derivative financial instruments were non-deliverable commodity derivative contracts. Commodity derivative contracts utilised by the Group are mainly standardised lead futures contracts on the Shanghai Futures Exchange (“SHFE”).

23. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Current				
Bills receivables	6,909	15,655	3,073	2,225

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Current				
Bills receivables	6,252	15,655	3,073	2,061

Certain of the Group’s bills receivables are held within a business model with the objective of both holding to collect contractual cash flows and selling, which are classified as debt investments at fair value through other comprehensive income.

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24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances . .	416,882	657,538	426,566	643,116
Time deposits	82,122	160,391	227,369	212,817
Total	<u>499,004</u>	<u>817,929</u>	<u>653,935</u>	<u>855,933</u>
Less:				
Restricted bank deposits:				
Pledged for issuance of				
bills (i)	41,762	50,402	388	309
Pledged for issuance of				
letters of guarantee (ii)	103,376	128,096	27,245	22,167
Pledged for future				
guarantee (iii)	1,480	–	–	–
Pledged for litigation (iv)	–	–	3,700	3,700
Restricted time deposits:				
Pledged for issuance of				
bills (i)	61,263	117,888	91,121	81,128
Pledged for issuance of				
letters of guarantee (ii)	<u>20,859</u>	<u>42,503</u>	<u>136,247</u>	<u>131,689</u>
Restricted cash:	228,740	338,889	258,701	238,993
Current portion	228,740	303,497	235,134	214,592
Non-current portion . . .	–	35,392	23,567	24,401
Cash and cash equivalents	<u>270,264</u>	<u>479,040</u>	<u>395,234</u>	<u>616,940</u>
Denominated in USD	92,263	49,416	306,612	490,273
Denominated in RMB	401,799	763,648	341,421	351,613
Denominated in EUR	4,353	4,358	5,752	12,836
Denominated in PKR	589	507	–	–
Denominated in MYR	<u>–</u>	<u>–</u>	<u>150</u>	<u>1,211</u>
Total	<u>499,004</u>	<u>817,929</u>	<u>653,935</u>	<u>855,933</u>

(i) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB103,025,000, RMB168,290,000, RMB91,509,000 and RMB81,437,000 respectively, were pledged for issuance of bills payables.

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- (ii) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB124,235,000, RMB170,599,000, RMB163,492,000 and RMB153,856,000 respectively, were pledged to issue the letter of guarantee in banks to provide guarantees in respect of purchase contracts signed with suppliers.
- (iii) As at 31 December 2022, restricted bank deposits of RMB1,480,000 were pledged for future guarantee.
- (iv) As at 31 December 2024 and 31 May 2025, restricted bank deposits of RMB3,700,000 and RMB3,700,000 were pledged for litigation.

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Cash and bank balances . .	354,722	631,840	376,713	610,172
Time deposits	61,804	99,975	195,281	171,793
Total	416,526	731,815	571,994	781,965
Less:				
Restricted bank deposits:				
Pledged for issuance of				
bills (i)	32,830	49,991	–	94
Pledged for issuance of				
letter of guarantee (ii)	99,830	126,468	27,210	22,167
Pledged for future				
guarantee (iii)	1,480	–	–	–
Restricted time deposits:				
Pledged for issuance of				
bills (i)	40,945	58,047	60,409	41,479
Pledged for issuance of				
letters of guarantee (ii)	20,859	41,927	134,873	130,314
Restricted cash:	195,944	276,433	222,492	194,054
Current portion	195,944	241,617	199,500	170,229
Non-current portion . . .	–	34,816	22,992	23,825
Cash and cash equivalents	220,582	455,382	349,502	587,911
Denominated in USD	91,456	39,955	284,487	475,741
Denominated in RMB	320,730	687,502	281,905	296,601
Denominated in EUR	4,340	4,358	5,602	9,623
Total	416,526	731,815	571,994	781,965

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- (i) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB73,775,000, RMB108,038,000, RMB60,409,000 and RMB41,573,000 respectively, were pledged for issuance of bills payables.
- (ii) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the deposits of RMB120,689,000, RMB168,395,000, RMB162,083,000 and RMB152,480,000,, respectively, were pledged to issue the letters of guarantee in banks to provide guarantees in respect of purchase contracts signed with suppliers.
- (iii) As at 31 December 2022, restricted bank deposits of RMB1,480,000 were pledged for future guarantee.

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

25. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to the shareholder resolution dated on 15 November 2023, Huifeng Juneng was approved to dispose of its subsidiary, Huai’an Huifeng Juneng, by transferring its entire equity interest to a third party, and the disposal plan is to be completed within one year. As at 31 December 2023, final negotiations for the sale were in progress and the related assets and liabilities were classified as held for sale on the Group’s consolidated balance sheet. In August 2024, Huifeng Juneng entered into an equity transfer agreement with an unaffiliated third party and the equity transfer was completed as of September 2024.

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The major classes of assets and liabilities of Huai’an Huifeng Juneng classified as held for sale as at 31 December 2023 are as follows:

	Balance before fair value re-measurement as at 31 December 2023	Fair value re-measurement	As at 31 December 2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Assets			
Property, plant and equipment	20,248	(15,747)	4,501
Right-of-use assets	1,000	–	1,000
Trade receivables	1,452	–	1,452
Prepayments, other receivables and other assets	139	–	139
Cash and short-term deposits	<u>542</u>	<u>–</u>	<u>542</u>
Assets classified as held for sale . . .	<u>23,381</u>	<u>(15,747)</u>	<u>7,634</u>
Liabilities			
Other payables and accruals	10	–	10
Tax payable	10	–	10
Lease liabilities	822	–	822
Deferred government grants	<u>630</u>	<u>–</u>	<u>630</u>
Liabilities directly associated with the assets classified as held for sale	<u>1,472</u>	<u>–</u>	<u>1,472</u>
Net assets directly associated with the disposal group	<u>21,909</u>	<u>(15,747)</u>	<u>6,162</u>

And in accordance with IFRS 5, assets held for sale with a carrying amount of RMB21,909,000 were written down to their fair value of RMB6,162,000, resulting in a loss of RMB15,747,000, which was included in profit or loss for the year ended 31 December 2023.

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26. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	<u>701,876</u>	<u>837,172</u>	<u>973,979</u>	<u>1,225,637</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	<u>459,342</u>	<u>486,909</u>	<u>667,276</u>	<u>731,867</u>

The trade payables are non-interest-bearing and are normally settled on 30 to 90 day terms.

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Salary payables	110,571	128,439	126,165	109,115
Payable for purchase of property, plant and equipment	99,026	105,902	223,088	138,471
Deposit received	37,297	50,386	52,685	62,560
Other tax payables	32,591	14,173	28,497	49,729
Unexpired endorsement transfers .	44,166	50,874	77,127	75,647
Dividend payables	–	–	–	60,906
Other payables and accruals	<u>87,710</u>	<u>63,540</u>	<u>51,116</u>	<u>28,964</u>
Total	<u>411,361</u>	<u>413,314</u>	<u>558,678</u>	<u>525,392</u>

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The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Salary payables	88,355	97,957	90,905	74,838
Payable for purchase of property, plant and equipment	19,942	36,397	38,399	25,785
Deposit received	18,077	29,142	31,436	36,373
Other tax payables	18,586	9,443	22,770	40,832
Unexpired endorsement transfers .	47,958	50,874	77,127	46,008
Dividend payables	–	–	–	60,906
Other payables and accruals	66,520	51,274	25,203	20,364
Total	<u>259,438</u>	<u>275,087</u>	<u>285,840</u>	<u>305,106</u>

Other payables are unsecured and non-interest-bearing, repayable within 1 year. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

28. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Short-term advances received from customers				
Sales of goods	<u>36,778</u>	<u>63,014</u>	<u>39,640</u>	<u>39,897</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Short-term advances received from customers				
Sales of goods	<u>36,251</u>	<u>57,880</u>	<u>36,470</u>	<u>38,087</u>

Contract liabilities include advances received to deliver battery products. The changes in contract liabilities during the Relevant Periods were mainly due to the changes in advances received from customers in relation to the sale of battery products.

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29. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	Notes	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 31 May 2025		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current													
Bank loans – pledged and guaranteed	(a)	3.60-4.35	2023	43,052	2.80-4.00	2024	20,021	–	–	–	–	–	–
Bank loans – pledged	(b)	1.98-3.90	2023	398,690	2.80-4.68	2024	178,051	2.40-4.55	2025	108,348	2.40-4.28	2025	78,026
Bank loans – guaranteed	(c)	3.20-3.60	2023	232,758	2.80-2.90	2024	64,957	2.40-4.80	2025	67,598	2.29-4.80	2026	97,590
Bank loans – unsecured		2.39-3.60	2023	251,455	2.80	2024	107,555	2.30-2.54	2025	389,764	2.15-2.54	2025	510,950
Current portion of long term bank loans – pledged and guaranteed	(a)	4.00	2023	18,890	4.00	2024	18,884	3.15-3.50	2025	38,516	2.90-3.50	2025	52,576
Current portion of long term bank loans – pledged	(b)	–	–	–	–	–	–	2.60	2025	20,017	2.60	2025	10,006
Current portion of long term bank loans – guaranteed	(c)	–	–	–	3.00	2024	21,060	2.60-2.70	2025	49,090	2.55-2.70	2026	98,578
Total – current				944,845			410,528			673,333			847,726
Non-current													
Bank loans – pledged and guaranteed	(a)	4.00	2024-2026	51,200	3.50-4.00	2025-2029	228,425	2.40-4.80	2026-2029	195,404	2.90-3.50	2026-2029	259,270
Bank loans – pledged	(b)	–	–	–	3.00	2025	20,000	–	–	–	–	–	–
Bank loans – guaranteed	(c)	–	–	–	3.00	2025	49,000	2.55	2026	60,000	–	–	–
Total – non-current				51,200			297,425			255,404			259,270
Total				996,045			707,953			928,737			1,106,996

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Bank loans repayable:				
Within one year or on demand . . .	944,845	410,528	673,333	847,726
In the second year	18,600	119,702	109,809	66,088
In the third to fifth years, inclusive	32,600	139,200	145,595	193,182
Beyond five years	—	38,523	—	—
Total	<u>996,045</u>	<u>707,953</u>	<u>928,737</u>	<u>1,106,996</u>

(a) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s bank borrowings with the amounts of RMB113,142,000, RMB267,330,000, RMB233,920,000 and RMB311,846,000, respectively, were secured by:

- (i) the pledge of certain of the Group’s leasehold land with carrying amounts of RMB8,502,000, RMB32,758,000, RMB24,097,000 and RMB23,888,000, respectively;
- (ii) the pledge of certain of the Group’s property, plant and equipment with carrying amounts of RMB47,821,000, RMB45,111,000, nil and RMB305,015,000, respectively;
- (iii) the pledge of certain of the Group’s patent rights in 2022;
- (iv) the guarantee from the Company.

(b) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s bank borrowings with amounts of RMB398,690,000, RMB198,051,000, RMB128,365,000 and RMB88,032,000, respectively, were secured by:

- (i) the pledge of certain of the Group’s leasehold land with carrying amounts of RMB106,774,000, RMB104,097,000, RMB72,790,000 and RMB72,023,000, respectively;
- (ii) the pledge of certain of the Group’s property, plant and equipment with carrying amounts of RMB129,933,000, RMB119,134,000, RMB125,114,000 and RMB122,163,000, respectively;

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- (iii) the pledge of certain of the Group’s bills receivables with carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000, respectively;
- (iv) the pledge of certain of the accounts receivable of the Group, with carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000, respectively.
- (c) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group’s bank borrowings with amounts of RMB232,758,000, RMB135,017,000, RMB176,688,000 and RMB196,168,000, respectively, were guaranteed by the Company.

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The Company

	Notes	As at 31 December 2022			As at 31 December 2023			As at 31 December 2024			As at 31 May 2025		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current													
Bank loans – pledged	(a)	1.98-3.80	2023	342,634	2.80-4.68	2024	156,026	2.40-4.55	2025	108,348	2.40-4.28	2025	78,026
Bank loans – guaranteed	(b)	3.20-3.30	2023	170,169	2.80-2.90	2024	64,957	2.40-4.80	2025	67,598	2.29-4.80	2026	97,590
Bank loans – unsecured		2.39-3.60	2023	224,209	3.00	2024	107,574	2.40-2.54	2025	380,589	2.15-2.54	2025	501,739
Current portion of long term bank loans – pledged	(a)	–	–	–	–	–	–	–	2025	20,017	2.60	2025	10,006
Current portion of long term bank loans – guaranteed	(b)	–	–	–	3.00	2024	21,060	2.60-2.70	2025	49,090	2.55-2.70	2026	98,578
Total – current				737,012			349,617			625,642			785,939
Non-current													
Bank loans – pledged	(a)	–	–	–	3.00	2025	20,000	–	–	–	–	–	–
Bank loans – guaranteed	(b)	–	–	–	3.00	2025	49,000	2.55	2026	60,000	–	–	–
Total – non-current				–			69,000			60,000			–
Total				737,012			418,617			685,642			785,939

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Bank loans repayable:				
Within one year or on demand . . .	737,012	349,617	625,642	785,939
In the second year	—	69,000	60,000	—
Total	<u>737,012</u>	<u>418,617</u>	<u>685,642</u>	<u>785,939</u>

(a) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Company’s bank borrowings with amounts of RMB342,634,000, RMB176,026,000, RMB128,365,000 and RMB88,032,000 respectively, were secured by:

- (i) the pledge of certain of the Company’s leasehold land with carrying amounts of RMB76,476,000, RMB74,633,000, RMB72,790,000 and RMB72,023,000, respectively;
- (ii) the pledge of certain of the Company’s property, plant and equipment with carrying amounts of RMB117,248,000, RMB108,290,000, RMB125,114,000 and RMB122,163,000, respectively;
- (iii) the pledge of certain of the Company’s bills receivables with carrying amounts of RMB8,509,000, RMB208,000, RMB236,000 and RMB5,785,000, respectively;
- (iv) the pledge of certain of the accounts receivable of the Company, with carrying amounts of RMB312,319,000, RMB33,096,000, RMB116,553,000 and RMB142,348,000, respectively.

(b) As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Company’s bank borrowings with the amounts of RMB170,169,000, RMB135,017,000, RMB176,688,000 and RMB196,168,000, respectively, were guaranteed by Shuangdeng Front.

The financial liabilities that are part of the Group’s supplier finance arrangements included in interest-bearing bank and other borrowings are normally settled on 240-360 days following the due date of comparable trade payable. The range of payment due dates for comparable trade payables is 30-90 days after invoice date.

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The Group has established supplier finance arrangements that are offered to the related parties in group or some of the Group’s key suppliers in Mainland China with the banks. The Group has the right to choose suppliers and initiate the financial arrangement. Suppliers that participate in the supplier finance arrangements will receive payments at the original due dates on invoices sent to the Group from the banks. For the banks to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. The Group provides the security to the banks and the supplier finance arrangements use the group’s utility in the bank. The Group takes the interest. Upon the maturity date of the debt, the Group must make unconditional payment to the banks and the banks have the right to deduct the payment from the Group’s bank account directly.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing bank and other borrowings in the statement of financial position and within the current portion of unsecured bank loans.

The Group

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:				
Interest-bearing bank and other borrowings of which suppliers have received payments.	<u>47,402</u>	<u>10,000</u>	<u>332,753</u>	<u>453,903</u>

The Company

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:				
Interest-bearing bank and other borrowings of which suppliers have received payments.	<u>47,402</u>	<u>10,000</u>	<u>332,753</u>	<u>453,903</u>

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For financial liabilities that are part of the supplier finance arrangements included in interest-bearing bank and other borrowings, the related non-cash transaction is disclosed in note 36 to the Historical Financial Information.

30. DEFERRED GOVERNMENT GRANTS

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	74,769	86,069	136,123	182,499
Addition.	26,000	68,395	64,897	4,000
Liabilities included in held for sale (note 25).	–	(630)	–	–
Amortisation during the year/period	(14,700)	(17,711)	(18,521)	(8,785)
At the end of the year/period	<u>86,069</u>	<u>136,123</u>	<u>182,499</u>	<u>177,714</u>
Current portion	12,817	17,633	20,878	20,992
Non-current portion	<u>73,252</u>	<u>118,490</u>	<u>161,621</u>	<u>156,722</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	50,459	47,651	64,255	57,534
Addition.	8,000	28,265	3,895	–
Amortisation during the year/period	(10,808)	(11,661)	(10,616)	(4,493)
At the end of the year/period	<u>47,651</u>	<u>64,255</u>	<u>57,534</u>	<u>53,041</u>
Current portion	8,926	10,637	10,797	10,650
Non-current portion	<u>38,725</u>	<u>53,618</u>	<u>46,737</u>	<u>42,391</u>

As at 31 December 2023, deferred government grants with a carrying value of RMB630,000 were reclassified to assets and liabilities of disposal group classed as held for sale in note 25 to the Historical Financial Information.

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31. PROVISIONS

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	28,758	36,604	39,863	38,852
Addition.	30,719	36,516	38,436	17,324
Amount utilised during the year/ period.	(22,873)	(33,257)	(39,447)	(14,383)
At the end of the year/period	<u>36,604</u>	<u>39,863</u>	<u>38,852</u>	<u>41,793</u>
Portion classified as current liabilities.	<u>7,300</u>	<u>7,794</u>	<u>7,158</u>	<u>7,893</u>
Non-current portion	<u>29,304</u>	<u>32,069</u>	<u>31,694</u>	<u>33,900</u>

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	28,758	36,604	39,863	38,852
Addition.	29,917	35,401	36,311	16,720
Amount utilised during the year/ period.	(22,071)	(32,142)	(37,322)	(13,779)
At the end of the year/period	<u>36,604</u>	<u>39,863</u>	<u>38,852</u>	<u>41,793</u>
Portion classified as current liabilities.	<u>7,300</u>	<u>7,794</u>	<u>7,158</u>	<u>7,893</u>
Non-current portion	<u>29,304</u>	<u>32,069</u>	<u>31,694</u>	<u>33,900</u>

The Group provides warranties of 3 to 8 years to its customers on the battery products. The amount of the provision for the warranties is estimated based on the Group’s recent claims, past warranty data and the weight of all possible results and their related probabilities. Any increase or decrease in provision will affect the profit or loss in future years. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

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32. SHARE CAPITAL

	<u>Number of ordinary shares</u>	<u>Share capital</u> <i>RMB’000</i>
As at 1 January 2022	<u>330,000,000</u>	<u>330,000</u>
Issuance of shares (a)	<u>28,269,000</u>	<u>28,269</u>
As at 31 December 2022 and 2023 and 2024.	358,269,000	358,269
Issuance of shares	<u>—</u>	<u>—</u>
As at 31 May 2025	<u><u>358,269,000</u></u>	<u><u>358,269</u></u>

The share capital of the Group and the Company as at the end of each of the Relevant Periods was RMB358,269,000, RMB358,269,000, RMB358,269,000 and RMB358,269,000, respectively. The movements are as follows:

- (a) In December 2022, the Company issued 28,269,000 shares in total with par value of RMB1.00 each to Xiangyang Gaoqian Venture Capital Center (Limited Partnership)(“襄陽高謙創業投資中心(有限合夥)”), Zaoyang Changjiang Venture Capital Fund Partnership (Limited Partnership)(“棗陽長江創業投資基金合夥企業(有限合夥)”) and Xiamen Hengsheng Zizhu Equity Investment Partnership (Limited Partnership) (“廈門恒盛紫竹股權投資合夥企業(有限合夥)”). The total proceeds of approximately RMB385,486,000 in December 2022 were received with approximately RMB28,269,000 and RMB357,217,000 was credited to the Company’s share capital and capital reserves, respectively.

33. RESERVES

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statement of changes in equity of the Historical Financial Information.

Capital reserve

The capital reserve mainly comprises the share premium of the Company and the difference between the aggregate of the then net assets of the non-controlling interests acquired and the consideration paid by the Group.

Details of share premium of the Company are included in note 32 to the Historical Financial Information.

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Reserve funds

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

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the Historical Financial Information of operations with a functional currency other than RMB.

The amounts of the Company’s reserves and the movements therein are presented as below:

	Capital reserve	Share-based compensation reserve	Reserve funds	Retained profits	Total reserves
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022 . .	63,475	19,216	93,497	518,017	694,205
Profit for the year	–	–	–	238,071	238,071
Issue of shares	357,217	–	–	–	357,217
Share-based compensation reserve	–	10,589	–	–	10,589
Appropriation to statutory reserves . . .	–	–	24,238	(24,238)	–
At 31 December 2022 .	<u>420,692</u>	<u>29,805</u>	<u>117,735</u>	<u>731,850</u>	<u>1,300,082</u>
Profit for the year	–	–	–	376,831	376,831
Share-based compensation reserve	–	20,232	–	–	20,232
Dividend	–	–	–	(48,366)	(48,366)
Appropriation to statutory reserves . . .	–	–	38,817	(38,817)	–
At 31 December 2023 .	<u>420,692</u>	<u>50,037</u>	<u>156,552</u>	<u>1,021,498</u>	<u>1,648,779</u>

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	Capital reserve	Share-based compensation reserve	Reserve funds	Retained profits	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	–	–	–	299,704	299,704
Share-based compensation reserve	–	22,539	–	–	22,539
Dividend	–	–	–	(73,803)	(73,803)
Appropriation to statutory reserves . . .	–	–	29,970	(29,970)	–
At 31 December 2024 .	<u>420,692</u>	<u>72,576</u>	<u>186,522</u>	<u>1,217,429</u>	<u>1,897,219</u>
Profit for the period . . .	–	–	–	122,830	122,830
Share-based compensation reserve	–	7,196	–	–	7,196
Dividend	–	–	–	(60,906)	(60,906)
At 31 May 2025	<u>420,692</u>	<u>79,772</u>	<u>186,522</u>	<u>1,279,353</u>	<u>1,966,339</u>

34. SHARE INCENTIVE SCHEME

Restricted share awards

The Company operates share incentive scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, supervisors, senior management and other key employees of the Group who, in the opinion of the board of directors, contribute directly to the overall business performance and sustainable development of the Group. The Scheme became effective on 30 June 2019.

On 30 June 2019, a total of 6,700,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB6,723,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB24,729,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into the terms and conditions upon which the awarded shares were granted. The amounts of RMB2,209,000, RMB2,902,000, RMB1,209,000 and nil, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

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On 25 September 2019, a total of 2,360,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB2,368,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB8,711,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into the terms and conditions upon which the awarded shares were granted. The amounts of RMB1,204,000, RMB1,204,000, RMB903,000 and nil, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 14 February 2020, a total of 7,605,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB7,631,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB28,069,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB2,451,000, RMB2,577,000, RMB1,990,000 and RMB236,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 7 December 2020, a total of 6,600,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB6,622,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB24,360,000, and the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB2,320,000, RMB2,770,000, RMB2,859,000 and RMB1,191,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

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On 30 July 2021, a total of 3,000,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB3,010,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB11,073,000, the fair value is determined by an external valuer using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB196,000, RMB196,000, RMB196,000 and RMB82,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in staff costs for the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 15 July 2022, a total of 1,800,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB6,588,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB24,545,000, the fair value is determined by using the backsolve method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB1,795,000, RMB3,592,000, RMB3,592,000 and RMB1,496,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

On 5 December 2022, a total of 2,840,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB13,888,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB38,727,000, and the fair value is determined by using the backsolve method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB414,000, RMB4,968,000, RMB4,421,000 and RMB-225,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025.

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On 3 March 2023, a total of 1,210,000 shares of the Company were awarded to the employees of the Group at a consideration of RMB5,917,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB16,500,000, and the fair value is determined by using the backsolve method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB1,750,000, RMB2,100,000 and RMB875,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2023 and 2024 and the five months ended 31 May 2025.

On 1 November 2023, a total of 1,000,000 shares of the Company were awarded to the employees of the Group at a consideration of RMB5,440,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB15,564,000, and the fair value is determined by using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amounts of RMB273,000, RMB2,089,000 and RMB844,000, respectively, in respect of the Shares under the Scheme were recognised as an expense and included in the staff cost for the year ended 31 December 2023 and 2024 and the five months ended 31 May 2025.

On 30 July 2024, a total of 4,100,000 shares of the Company were awarded to the director of the Company at a consideration of RMB25,584,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB57,105,000, and the fair value is determined by using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amount of RMB3,152,000 and RMB2,627,000, in respect of the Shares under the Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2024 and the five months ended 31 May 2025.

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On 22 November 2024, a total of 150,000 shares of the Company were awarded to the employees of the Company at a consideration of RMB953,000. Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date and (2) upon successful [REDACTED] of the Company. The total fair value of the shares determined at the date of grant was equivalent to RMB1,798,000, and the fair value is determined by using the Market Approach – Comparable Companies Multiple Method taking into account the terms and conditions upon which the awarded shares were granted. The amount of RMB28,000 and RMB70,000, in respect of the Shares under the Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2024 and the five months ended 31 May 2025.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these shares. The Group accounts for the Scheme as an equity-settled plan.

Any dividends declared in respect of the shares awarded during the lock-up restricted period belong to the participants. However, the participants do not have any voting right in respect of the shares awarded during the lock-up restricted period.

The following shares were outstanding under the Scheme during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025:

	<u>Number of shares</u>
As at 1 January 2022	24,245,000
Granted during the year	4,640,000
Forfeited during the year	<u>(2,265,000)</u>
As at 31 December 2022 and 1 January 2023	26,620,000
Granted during the year	2,210,000
Forfeited during the year	<u>(350,000)</u>
As at 31 December 2023 and 1 January 2024	28,480,000
Granted during the year	4,250,000
Forfeited during the year	<u>(550,000)</u>
As at 31 December 2024 and 1 January 2025	32,180,000
Forfeited during the period	<u>(500,000)</u>
As at 31 May 2025	<u><u>31,680,000</u></u>

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The weighted average remaining contractual lives for the outstanding restricted shares granted were 2.76, 1.97, 1.54 and 1.26 years as of the end of each of the Relevant Periods, respectively.

35. DISPOSAL OF A SUBSIDIARY

	<u>2024</u>
	<i>RMB’000</i>
Net assets disposed of:	
Current assets	7,577
Current liabilities	<u>(1,430)</u>
Subtotal	6,147
Loss on disposal	<u>(147)</u>
Total consideration	<u><u>6,000</u></u>
Satisfied by:	
Cash	<u><u>6,000</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<u>2024</u>
	<i>RMB’000</i>
Cash consideration	6,000
Cash and bank balances disposed of	<u>(360)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>5,640</u></u>

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) *Major non-cash transactions*

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,598,000, RMB7,753,000, RMB14,481,000 and RMB4,791,000, respectively, in respect of lease arrangements for buildings.

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During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group reclassified trade payables of RMB35,402,000, nil, RMB313,182,000 and RMB282,344,000, respectively, to interest-bearing bank and other borrowings in respect of the supplier finance arrangements.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022	1,096,848	10,241
Changes from financing cash flows	(195,465)	(6,293)
Interest capitalised (<i>note 7</i>).	375	–
Additions of lease liabilities	–	5,598
Disposal as a result of decrease the scope of lease.	–	(89)
Increase arising from supplier finance arrangements	35,402	–
Foreign exchange movement	10,048	–
Interest expense (<i>note 7</i>)	<u>48,837</u>	<u>535</u>
At 31 December 2022	<u>996,045</u>	<u>9,992</u>

Year ended 31 December 2023

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	996,045	9,992
Changes from financing cash flows	(323,366)	(5,761)
Interest capitalised (<i>note 7</i>).	1,356	–
Additions of lease liabilities	–	7,753
Liabilities included in held for sale (<i>note 25</i>).	–	(822)
Disposal as a result of decrease the scope of lease.	–	(1,164)
Foreign exchange movement	4,304	–
Interest expense (<i>note 7</i>)	<u>29,614</u>	<u>391</u>
At 31 December 2023	<u>707,953</u>	<u>10,389</u>

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Year ended 31 December 2024

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2024	707,953	10,389
Changes from financing cash flows	(117,270)	(9,113)
Interest capitalised (<i>note 7</i>)	3,880	–
Additions of lease liabilities	–	14,481
Increase arising from supplier finance arrangements	313,182	–
Foreign exchange movement	1,681	326
Interest expense (<i>note 7</i>)	<u>19,311</u>	<u>531</u>
At 31 December 2024	<u>928,737</u>	<u>16,614</u>

Five months ended 31 May 2025

	<u>Bank loans</u>	<u>Lease liabilities</u>
	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2025	928,737	16,614
Changes from financing cash flows	(115,888)	(6,505)
Additions of lease liabilities	–	4,791
Disposal as a result of decrease the scope of lease	–	(262)
Increase arising from supplier finance arrangements	282,344	–
Foreign exchange movement	34	237
Interest expense (<i>note 7</i>)	<u>11,769</u>	<u>233</u>
At 31 May 2025	<u>1,106,996</u>	<u>15,108</u>

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(c) Total cash outflow for leases

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Within operating activities	3,957	4,511	5,817	2,540	2,524
Within financing activities	6,293	5,761	9,113	3,831	6,505
Total	<u>10,250</u>	<u>10,272</u>	<u>14,930</u>	<u>6,371</u>	<u>9,029</u>

37. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	<u>–</u>	<u>194,746</u>	<u>160,414</u>	<u>2,204</u>

38. PLEDGE OF ASSETS

Details of the Group’s restricted time deposits and bank deposits pledged for issuance of the Group’s bills payables to suppliers, letters of guarantee and future guarantee are included in note 24 to the Historical Financial Information.

Details of the Group’s property, plant and equipment pledged for the Group’s bank borrowings are included in note 13 and note 29 to the Historical Financial Information.

Details of the Group’s leasehold land pledged for the Group’s bank borrowings are included in note 14 and note 29 to the Historical Financial Information.

Details of the Group’s bills receivables pledged for the Group’s bank borrowings are included in note 20 and note 29 to the Historical Financial Information.

Details of the Group’s trade receivables pledged for the Group’s bank borrowings are included in note 20 and note 29 to the Historical Financial Information.

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Details of the Group’s other receivables pledged for the Group’s future guarantee is included in note 17 to the Historical Financial Information.

39. RELATED PARTY TRANSACTIONS

(a) Name and relationship

<u>Name of related party[*]</u>	<u>Relationship with the Company</u>
Dr. Yang Baofeng (楊寶峰)	Executive Director and deputy general manager, core technical staff
Shuangdeng Cable Co., Ltd. (雙登電纜股份有限公司) ^{**}	Company controlled by Dr. Yang Rui
Jiangsu Fushanda New Energy Technology Co., Ltd. (江蘇福善達新能源科技 有限公司) ^{**}	Company controlled by Dr. Yang Rui
Jiangsu Shuangdeng Group Limited (江蘇雙登集團有限公司)	Company controlled by Mr. Yang Shanji
Jiangsu Weili Energy Materials Co., Ltd. (“江蘇維鋰新能源材料有限 公司”)	Company controlled by Mr. Yang Shanji’s nephew

* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

** Before August 2024, Shuangdeng Cable Co., Ltd. and Jiangsu Fushanda New Energy Technology Co., Ltd. were controlled by Mr. Yang Shanji. Since August 2024, Shuangdeng Cable Co., Ltd. and Jiangsu Fushanda New Energy Technology Co., Ltd. were controlled by Dr. Yang Rui.

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- (b) *The Group had the following material related party transactions and outstanding balances during the Relevant Periods and the five months ended 31 May 2024:*

The Group

		Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
					(unaudited)	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Notes					
Sales of goods to:						
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.	(i)	16,796	13,917	33,500	14,459	13,490
Jiangsu Weili Energy Materials Co., Ltd. . . .		—	—	—	—	299
Total		<u>16,796</u>	<u>13,917</u>	<u>33,500</u>	<u>14,459</u>	<u>13,789</u>
Purchases of products/ services from:						
Jiangsu Fushanda New Energy Technology Co., Ltd.	(i)	15,495	16,496	20,243	8,446	12,695
Shuangdeng Cable Co., Ltd.	(i)	260	420	557	354	941
Jiangsu Weili Energy Materials Co., Ltd. . . .		—	—	—	—	358
Total		<u>15,755</u>	<u>16,916</u>	<u>20,800</u>	<u>8,800</u>	<u>13,994</u>
Rental expenses to:						
Jiangsu Shuangdeng Group Limited	(ii)	<u>5,132</u>	<u>4,833</u>	<u>5,085</u>	<u>2,361</u>	<u>2,689</u>

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(c) *Outstanding balances with related parties*

The Group

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related:				
Due to related parties				
Shuangdeng Cable Co., Ltd.	1,311	438	674	465
Jiangsu Fushanda New Energy Technology Co., Ltd.	3,217	3,025	4,946	10,428
Jiangsu Shuangdeng Group Limited	206	206	–	–
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.	100	100	100	100
Total	4,834	3,769	5,720	10,993
Trade related:				
Due from a related party				
Jiangsu Weili Energy Materials Co., Ltd.	–	–	–	1,051
Non-trade related:				
Due to related parties				
Dr. Yang Baofeng.	–	2	–	–

The Company

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related:				
Due from subsidiaries				
Jiangsu Shuangdeng Front New Energy Co., Ltd.	28,313	–	–	–
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.	–	–	27,269	90,445
SHOTO ENERGY PTE. LTD. . . .	–	4,032	23,673	20,275
SHOTO TECHNOLOGY (MALAYSIA) SDN.BHD.	–	–	1,901	7,126
Total	28,313	4,032	52,843	117,846

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade related:				
Due to related parties				
Jiangsu Fushanda New Energy Technology Co., Ltd.	3,018	3,001	4,943	10,200
Shuangdeng Cable Co., Ltd.	315	427	664	454
Jiangsu Shuangdeng Group Limited	206	206	–	–
Shuangdeng Tianpeng Metallurgical Jiangsu Co., Ltd.	100	100	100	100
Total	<u>3,639</u>	<u>3,734</u>	<u>5,707</u>	<u>10,754</u>
Trade related:				
Due to subsidiaries				
Jiangsu Shuangdeng Front New Energy Co., Ltd.	34,468	117,917	93,140	168,515
Hubei Shuangdeng Runyoung New Energy Co., Ltd.	84,853	65,561	77,206	73,899
Hubei Shuangdeng Energy Storage Technology Co., Ltd.	–	2,496	2,758	99,493
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.	–	681	520	2,821
Total	<u>119,321</u>	<u>186,655</u>	<u>173,624</u>	<u>344,728</u>
Non-trade related:				
Due from subsidiaries				
Beijing Shuangdeng Huifeng Juneng Technology Co., Ltd.	27,111	23,181	13,780	15,280
Anhui Shuangdeng New Energy Co., Ltd.	1	–	–	–
Jiangsu Shuangdeng Front New Energy Co., Ltd.	–	9	–	12
Chinashoto France SAS	486	–	–	–
SHOTO SINGAPORE PTE. LTD. .	–	1,009	15,401	19,704
Total	<u>27,598</u>	<u>24,199</u>	<u>29,181</u>	<u>34,996</u>

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	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade related:				
Due to related parties				
Dr. Yang Baofeng.	-	2	-	-
Non-trade related:				
Due to subsidiaries				
Jiangsu Shuangdeng Front New				
Energy Co., Ltd.	30,177	47	-	-

- (i) The prices are mutually agreed after taking the prevailing market prices into consideration.
- (ii) The Group has entered into lease agreements in respect of buildings from Jiangsu Shuangdeng Group Limited. The rental fees under the lease were RMB5,132,000, RMB4,833,000, RMB5,085,000 and RMB2,689,000 for the years ended 31 December 2022, 2023 and 2024 and 31 May 2025, respectively. The Group recognised right-of-use assets of RMB8,672,000, RMB6,559,000, RMB2,129,000 and RMB3,968,000, and lease liabilities of RMB8,925,000, RMB7,144,000, RMB2,685,000 and RMB4,379,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively. The transactions were made according to the prices and terms agreed with the related parties.
- (iii) The amounts due from related parties are unsecured, interest-free and repayable on demand. The management of the Company considers there is no significant credit risk for amounts due from related parties.
- (iv) The amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	(unaudited) <i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefits in kind	5,366	5,800	5,472	2,081	2,062
Performance related bonuses	17,242	20,280	12,289	5,121	2,872
Share incentive plan expense	<u>4,197</u>	<u>4,838</u>	<u>6,826</u>	<u>2,016</u>	<u>3,711</u>
Total	<u>26,805</u>	<u>30,918</u>	<u>24,587</u>	<u>9,218</u>	<u>8,645</u>

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40. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group endorsed certain bills receivables (the “**Endorsed Bills**”) with carrying amounts of RMB44,166,000, RMB50,874,000, RMB77,127,000 and RMB75,647,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse were as RMB113,983,000, RMB148,287,000, RMB169,948,000 and RMB59,685,000 at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group discounted certain bills receivables (the “**Discounted Bills**”) with carrying amounts of RMB8,509,000, RMB208,000 and RMB236,000 and RMB5,785,000, respectively (the “**Discounting**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated banking borrowings. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amounts of the Discounted Bills during the year to which the banks have recourse were RMB19,882,000 and RMB208,000, RMB32,523,000 and RMB24,404,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group endorsed certain bills receivables that were not due accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB48,757,000, RMB98,588,000, RMB224,773,000, RMB117,397,000, respectively, and discounted certain bills receivables that were not due accepted by banks in Mainland China (the “**Derecognised Bills**”) with carrying amounts of RMB47,868,000, nil, RMB32,354,000 and nil, respectively. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law

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of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, disregarding the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has recognised losses of RMB1,054,000, nil, nil and nil, respectively, on the date of transfer of the Derecognised Bills.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

Financial assets

As at 31 December 2022

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	6,909	–	6,909
Trade and bills receivables . . .	–	–	1,862,211	1,862,211
Financial assets included in prepayments, other receivables and other assets . .	–	–	10,114	10,114
Restricted cash	–	–	228,740	228,740
Cash and cash equivalents . . .	–	–	270,264	270,264
Total	–	6,909	2,371,329	2,378,238

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As at 31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	15,655	–	15,655
Trade and bills receivables . . .	–	–	1,609,318	1,609,318
Financial assets included in prepayments, other receivables and other assets	–	–	8,180	8,180
Restricted cash	–	–	338,889	338,889
Cash and cash equivalents . . .	–	–	479,040	479,040
Total	–	15,655	2,435,427	2,451,082

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	3,073	–	3,073
Trade and bills receivables . . .	–	–	2,318,281	2,318,281
Financial assets included in prepayments, other receivables and other assets .	–	–	41,249	41,249
Financial assets at fair value through profit or loss	86,000	–	–	86,000
Derivative financial instruments	3,355	–	–	3,355
Restricted cash	–	–	258,701	258,701
Cash and cash equivalents . . .	–	–	395,234	395,234
Total	89,355	3,073	3,013,465	3,105,893

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As at 31 May 2025

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	2,225	–	2,225
Trade and bills receivables . . .	–	–	2,386,563	2,386,563
Financial assets included in prepayments, other receivables and other assets .	–	–	41,328	41,328
Due from a related party	–	–	338	338
Restricted cash	–	–	238,993	238,993
Cash and cash equivalents . . .	–	–	616,940	616,940
Total	<u>–</u>	<u>2,225</u>	<u>3,284,162</u>	<u>3,286,387</u>

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Financial liabilities

As at 31 December 2022

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Due to related parties	4,834
Financial liabilities included in other payables and accruals	235,578
Trade and bills payables	701,876
Interest-bearing bank and other borrowings	996,045
Lease liabilities	<u>9,992</u>
Total	<u><u>1,948,325</u></u>

As at 31 December 2023

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Due to related parties	3,771
Financial liabilities included in other payables and accruals	242,365
Trade and bills payables	837,172
Interest-bearing bank and other borrowings	707,953
Lease liabilities	<u>10,389</u>
Total	<u><u>1,801,650</u></u>

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As at 31 December 2024

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
	<i>RMB’000</i>	<i>RMB’000</i>
Due to related parties.	–	5,720
Financial liabilities included in other payables and accruals	–	229,966
Trade and bills payables.	–	973,979
Interest-bearing bank and other borrowings. . . .	–	928,737
Lease liabilities.	–	16,614
Derivative financial instruments.	<u>842</u>	<u>–</u>
Total	<u><u>842</u></u>	<u><u>2,155,016</u></u>

As at 31 May 2025

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
	<i>RMB’000</i>	<i>RMB’000</i>
Due to related parties.	–	10,993
Financial liabilities included in other payables and accruals	–	366,548
Trade and bills payables.	–	1,225,637
Interest-bearing bank and other borrowings. . . .	–	1,106,996
Lease liabilities.	–	15,108
Derivative financial instruments.	<u>489</u>	<u>–</u>
Total	<u><u>489</u></u>	<u><u>2,725,282</u></u>

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments and other receivables, trade and bills receivables, due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, due to related parties and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values have been assessed to be approximate to their carrying amounts.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	6,909	–	6,909

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	15,655	–	15,655

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As at 31 December 2024

	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income	–	3,073	–	3,073
Financial assets at fair value through profit or loss	–	86,000	–	86,000
Derivative financial instruments	<u>–</u>	<u>3,355</u>	<u>–</u>	<u>3,355</u>
Total	<u>–</u>	<u>92,428</u>	<u>–</u>	<u>92,428</u>

As at 31 May 2025

	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Derivative financial instruments	<u>–</u>	<u>2,225</u>	<u>–</u>	<u>2,225</u>

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Liabilities measured at fair value:

As at 31 December 2024

	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Derivative financial instruments	<u>842</u>	<u>–</u>	<u>–</u>	<u>842</u>

As at 31 May 2025

	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Derivative financial instruments	<u>489</u>	<u>–</u>	<u>–</u>	<u>489</u>

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management of the Company and the Financial Instruments Division is responsible for the daily risk management by the operation management through functional departments (e.g., the Company’s Credit Management Department reviews the credit sales incurred by the Company on a case-by-case basis). The Company’s Internal Audit Department conducts daily supervision of the implementation for the Company’s risk management policies and procedures, and reports the relevant findings in a timely manner to the Company’s Audit Committee. The overall objective of the Company’s risk management is to establish risk management policies that minimizes the risks associated with various types of financial instruments without unduly affecting the Company’s competitiveness and resilience.

Interest rate risk

The Group’s exposure to the risk of changes in fair value relates primarily to the Group’s bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit or loss after tax through the impact on floating rate borrowings and the Group’s equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit/(loss) after tax	(Decrease)/ increase in equity
		<i>RMB’000</i>	<i>RMB’000</i>
2022			
RMB	100	(1,540)	(1,540)
RMB	(100)	1,540	1,540
2023			
RMB	100	(944)	(944)
RMB	(100)	944	944
2024			
RMB	100	(1,044)	(1,044)
RMB	(100)	1,044	1,044
Five months ended 31 May 2025			
RMB	100	(771)	(771)
RMB	(100)	771	771

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Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD and RMB exchange rates, with all other variables held constant, of the Group’s profit or loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity.

	(Decrease)/ increase in foreign exchange rate	(Decrease)/ increase in profit/(loss) after tax	(Decrease)/ increase in equity
	%	RMB’000	RMB’000
2022			
If RMB strengthens against US\$	(5)	(15,502)	(15,502)
If RMB weakens against US\$	5	15,502	15,502
2023			
If RMB strengthens against US\$	(5)	(13,192)	(13,192)
If RMB weakens against US\$	5	13,192	13,192
2024			
If RMB strengthens against US\$	(5)	(21,367)	(21,367)
If RMB weakens against US\$	5	21,367	21,367
Five months ended 31 May 2025			
If RMB strengthens against US\$	(5)	(31,027)	(31,027)
If RMB weakens against US\$	5	31,027	31,027

Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. Concentrations of credit risk are managed by customer/ counterparty and by industry sector.

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Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross amounts for financial assets.

31 December 2022

	12 months	Lifetime ECLs			
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income . .	6,909	–	–	–	6,909
Trade and bills receivables*	–	–	–	1,948,192	1,948,192
Contract assets*	–	–	–	9,590	9,590
Financial assets included in prepayments, other receivables and other assets -Normal**	13,605	–	–	–	13,605
Restricted cash	228,740	–	–	–	228,740
Cash and cash equivalents	<u>270,264</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>270,264</u>
Total	<u>519,518</u>	<u>–</u>	<u>–</u>	<u>1,957,782</u>	<u>2,477,300</u>

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31 December 2023

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income . .	15,655	–	–	–	15,655
Trade and bills receivables*	–	–	–	1,685,567	1,685,567
Contract assets*	–	–	–	17,937	17,937
Financial assets included in prepayments, other receivables and other assets -Normal**	11,859	–	–	–	11,859
Restricted cash	338,889	–	–	–	338,889
Cash and cash equivalents	479,040	–	–	–	479,040
Total	<u>845,443</u>	<u>–</u>	<u>–</u>	<u>1,703,504</u>	<u>2,548,947</u>

31 December 2024

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Debt investments at fair value through other comprehensive income . .	3,073	–	–	–	3,073
Trade and bills receivables*	–	–	–	2,411,394	2,411,394
Contract assets*	–	–	–	16,866	16,866
Financial assets included in prepayments, other receivables and other assets -Normal**	45,937	–	–	–	45,937
Restricted cash	258,701	–	–	–	258,701
Cash and cash equivalents	395,234	–	–	–	395,234
Total	<u>702,945</u>	<u>–</u>	<u>–</u>	<u>2,428,260</u>	<u>3,131,205</u>

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31 May 2025

	12 months	Lifetime ECLs			
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Debt investments at fair value through other comprehensive income . .	2,225	–	–	–	2,225
Trade and bills receivables*	–	–	–	2,477,833	2,477,833
Contract assets*	–	–	–	17,899	17,899
Financial assets included in prepayments, other receivables and other assets -Normal**	46,746	–	–	–	46,746
Due from a related party .	338	–	–	–	338
Restricted cash	238,993	–	–	–	238,993
Cash and cash equivalents	616,940	–	–	–	616,940
Total	905,242	–	–	2,495,732	3,400,974

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 and note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful.”

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables and other receivables are respectively disclosed in notes 20 and 17 to the Historical Financial Information.

At the end of the each of the Relevant Periods, the Group had certain concentrations of credit risk as 56%, 45%, 42% and 35% of the Group’s trade and bills receivables were due from the Group’s five largest customers, respectively.

Liquidity risk

The Group monitors its exposure to liquidity risk by regularly monitoring short-term and long-term liquidity requirements, as well as compliance with borrowing agreements to ensure that adequate cash reserves and readily realisable liquidity are maintained.

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The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

Due to the Group’s supplier finance arrangements, the relevant interest-bearing bank and other borrowings are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group’s payment terms for interest-bearing bank and other borrowings covered by the arrangements are either identical to the payment terms for other interest-bearing bank and other borrowings or extended by around 240-360 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 29 to the financial statements.

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

As at 31 December 2022					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	5,413	4,601	500	10,514
Interest-bearing bank and other borrowings	–	965,547	54,525	–	1,020,072
Trade and bills payables . .	–	701,876	–	–	701,876
Financial liabilities included in other payables and accruals	–	235,578	–	–	235,578
Due to related parties . . .	–	4,834	–	–	4,834
Total	–	1,913,248	59,126	500	1,972,874

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2023					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	6,788	3,470	–	10,258
Interest-bearing bank and other borrowings	–	426,395	279,828	39,510	745,733
Trade and bills payables . .	–	837,172	–	–	837,172
Financial liabilities included in other payables and accruals . .	–	242,365	–	–	242,365
Due to related parties . . .	2	3,769	–	–	3,771
Total	2	1,516,489	283,298	39,510	1,839,299

As at 31 December 2024					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	8,344	8,821	–	17,165
Interest-bearing bank and other borrowings	–	687,292	268,736	–	956,028
Trade and bills payables . .	–	973,979	–	–	973,979
Financial liabilities included in other payables and accruals . .	–	229,966	–	–	229,966
Due to related parties . . .	280	5,440	–	–	5,720
Total	280	1,905,021	277,557	–	2,182,858

As at 31 May 2025					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities	–	7,107	8,486	–	15,593
Interest-bearing bank and other borrowings	–	856,226	276,814	–	1,133,040
Trade and bills payables . .	–	1,225,637	–	–	1,225,637
Financial liabilities included in other payables and accruals . .	–	366,548	–	–	366,548
Due to related parties . . .	5,340	5,653	–	–	10,993
Total	5,340	2,461,171	285,300	–	2,751,811

APPENDIX I

ACCOUNTANTS’ REPORT

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

44. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 31 May 2025.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2025.