

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF X.J. ELECTRICS (HU BEI) CO., LTD AND SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of X.J. Electrics (Hu Bei) Co., Ltd 湖北香江電器股份有限公司 (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-82, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 17 June 2025 (the “**Prospectus**”) in connection with the proposed global offering of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024, of the Company's financial position as at 31 December 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company or its subsidiaries in respect of the Track Record Period.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 June 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board (the “**IASB**”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	1,096,965	1,188,321	1,501,510
Cost of sales		<u>(873,095)</u>	<u>(902,300)</u>	<u>(1,172,986)</u>
Gross profit		223,870	286,021	328,524
Other income	7	23,215	22,149	19,382
Impairment losses under expected credit loss ("ECL") model, net of reversal	8	(1,610)	(2,494)	(865)
Other gains and losses	9	8,602	9,798	10,646
Selling expenses		(24,188)	(28,274)	(34,560)
Administrative expenses		(87,714)	(90,071)	(111,184)
Research and development expenses		(31,981)	(34,447)	(36,426)
Other expenses		(3,806)	(3,470)	(1,839)
Listing expenses		—	—	(370)
Finance costs	10	<u>(14,467)</u>	<u>(12,519)</u>	<u>(11,993)</u>
Profit before tax		91,921	146,693	161,315
Income tax expense	11	<u>(11,660)</u>	<u>(25,231)</u>	<u>(20,890)</u>
Profit for the year	12	80,261	121,462	140,425
Other comprehensive income (expense):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations		1,493	306	871
Fair value loss, net of ECL and reclassification adjustments upon derecognition of trade receivables at fair value through other comprehensive income ("FVTOCI")		<u>—</u>	<u>—</u>	<u>(20)</u>
Other comprehensive income ("OCI") for the year		<u>1,493</u>	<u>306</u>	<u>851</u>
Total comprehensive income for the year		<u>81,754</u>	<u>121,768</u>	<u>141,276</u>
Earnings per share				
– Basic (RMB)	16	<u>0.39</u>	<u>0.59</u>	<u>0.69</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	17	322,676	433,746	503,725
Right-of-use assets	18	111,454	119,842	100,004
Investment properties	19	1,768	16,056	13,166
Intangible assets	20	116	98	125
Deferred tax assets	21	13,648	14,103	14,482
Prepayments for non-current assets	24(a)	2,142	2,688	17,682
Prepayments and other receivables	24(b)	3,507	4,033	4,194
Pledged and restricted bank deposits	25	35,000	35,000	35,000
		<u>490,311</u>	<u>625,566</u>	<u>688,378</u>
Current assets				
Inventories	22	173,738	173,615	207,357
Income tax recoverable		252	3,093	2,491
Trade and bills receivables	23(a)	132,836	146,093	235,640
Prepayments and other receivables	24(b)	30,598	37,837	96,669
Trade receivables at FVTOCI	23(b)	11,479	15,750	2,145
Pledged and restricted bank deposits	25	–	–	145
Bank balances and cash	25	381,560	548,338	474,154
		<u>730,463</u>	<u>924,726</u>	<u>1,018,601</u>
Current liabilities				
Trade and bills payables	26	208,797	274,630	292,474
Other payables and accruals	27	63,972	103,230	58,906
Income tax payable		6,497	9,010	8,082
Borrowings	28	115,112	129,294	207,055
Lease liabilities	29	19,679	23,636	19,806
Contract liabilities	30	36,261	59,338	43,508
Deferred income	31	163	163	163
		<u>450,481</u>	<u>599,301</u>	<u>629,994</u>
Net current assets		<u>279,982</u>	<u>325,425</u>	<u>388,607</u>
Total assets less current liabilities		<u>770,293</u>	<u>950,991</u>	<u>1,076,985</u>

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities				
Borrowings	28	65,312	117,502	116,036
Lease liabilities	29	39,443	46,346	32,693
Deferred income	31	2,371	2,208	2,045
		<u>107,126</u>	<u>166,056</u>	<u>150,774</u>
Net assets		<u>663,167</u>	<u>784,935</u>	<u>926,211</u>
Capital and reserves				
Share capital	32	204,660	204,660	204,660
Reserves		<u>458,507</u>	<u>580,275</u>	<u>721,551</u>
Total equity		<u>663,167</u>	<u>784,935</u>	<u>926,211</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	17	92,047	86,411	79,172
Right-of-use assets	18	15,032	14,657	14,278
Investment properties	19	1,560	1,443	1,326
Investments in subsidiaries	39	371,369	368,369	518,369
Deferred tax assets	21	2,304	3,625	1,837
Prepayments for non-current assets	24(a)	189	356	48
Prepayments and other receivables	24(b)	150	150	150
		482,651	475,011	615,180
Current assets				
Inventories	22	52,851	49,333	55,863
Trade and bills receivables	23(a)	191,080	133,698	244,409
Prepayments and other receivables	24(b)	8,486	7,467	25,419
Amounts due from subsidiaries	37(a)(i)	44,576	75,330	32,966
Bank balances and cash	25	26,332	104,157	115,592
		323,325	369,985	474,249
Current liabilities				
Trade and bills payables	26	67,252	61,082	68,681
Other payables and accruals	27	12,439	11,843	15,462
Income tax payable		3,885	2,261	4,988
Amounts due to subsidiaries	37(a)(ii)	21,921	37,072	173,679
Borrowings	28	52,469	38,378	57,148
Lease liabilities	29	70	73	73
Contract liabilities	30	21,214	314	175
Deferred income	31	163	163	163
		179,413	151,186	320,369
Net current assets		143,912	218,799	153,880
Total assets less current liabilities		626,563	693,810	769,060

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liability				
Deferred income	31	<u>2,371</u>	<u>2,208</u>	<u>2,045</u>
		<u>2,371</u>	<u>2,208</u>	<u>2,045</u>
Net assets		<u>624,192</u>	<u>691,602</u>	<u>767,015</u>
Capital and reserves				
Share capital	32	204,660	204,660	204,660
Reserves	32	<u>419,532</u>	<u>486,942</u>	<u>562,355</u>
Total equity		<u>624,192</u>	<u>691,602</u>	<u>767,015</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i> <i>(note ii)</i>	FVTOCI reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i> <i>(note i)</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	204,660	112,713	2,502	–	(875)	8,125	254,288	581,413
Profit for the year	–	–	–	–	–	–	80,261	80,261
Other comprehensive income for the year	–	–	–	–	1,493	–	–	1,493
Total comprehensive income for the year	–	–	–	–	1,493	–	80,261	81,754
Transfer to statutory reserve	–	–	–	–	–	5,943	(5,943)	–
At 31 December 2022	204,660	112,713	2,502	–	618	14,068	328,606	663,167
Profit for the year	–	–	–	–	–	–	121,462	121,462
Other comprehensive income for the year	–	–	–	–	306	–	–	306
Total comprehensive income for the year	–	–	–	–	306	–	121,462	121,768
Transfer to statutory reserve	–	–	–	–	–	7,045	(7,045)	–
At 31 December 2023	204,660	112,713	2,502	–	924	21,113	443,023	784,935

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i> (note ii)	FVTOCI reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i> (note i)	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023	204,660	112,713	2,502	–	924	21,113	443,023	784,935
Profit for the year	–	–	–	–	–	–	140,425	140,425
Other comprehensive (expense)/income for the year	–	–	–	(20)	871	–	–	851
Total comprehensive (expense)/income for the year	–	–	–	(20)	871	–	140,425	141,276
Transfer to statutory reserve	–	–	–	–	–	7,542	(7,542)	–
At 31 December 2024	204,660	112,713	2,502	(20)	1,795	28,655	575,906	926,211

Notes:

- (i) It represents the statutory reserve of the Company in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, PRC entity is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the relevant entity.
- (ii) It represents the waiver of an amount due to the controlling shareholder of the Company which is accounted for as deemed capital contribution from a shareholder.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit before tax	91,921	146,693	161,315
Adjustments for:			
Depreciation of property, plant and equipment	47,138	40,015	43,868
Depreciation of right-of-use assets	23,735	24,941	26,872
Depreciation of investment properties	201	726	890
Amortisation of intangible assets	18	18	21
Impairment losses under ECL model, net of reversal	1,610	2,494	865
Gain on disposal of property, plant and equipment	(53)	(7)	(51)
Gain from termination of lease contracts	(12)	(15)	–
Loss from foreign currency forward contracts	8,004	–	–
Impairment losses recognised on investment property	–	–	2,000
Gain from wealth management products measured at fair value through profit or loss (“FVTPL”)	(2,874)	(561)	–
Release of deferred income	(163)	(163)	(163)
Finance costs	14,467	12,519	11,993
Interest income	(6,081)	(10,168)	(11,650)
Write-down (reversal of write-down) of inventories	4,550	9,424	(1,976)
Net foreign exchange gains	(14,386)	(9,939)	(16,706)
Operating cash flows before movements in working capital	168,075	215,977	217,278
Decrease (increase) in inventories	66,179	(9,301)	(31,766)
Decrease (increase) in trade and bills receivables	68,501	(15,274)	(90,690)
Decrease (increase) in trade receivables at FVTOCI	13,517	(4,461)	13,903
Decrease (increase) in prepayments and other receivables	17,785	(7,528)	(42,240)
Increase in restricted bank deposits	–	–	(145)
(Decrease) increase in trade and bills payables	(84,878)	65,833	37,118
(Decrease) increase in other payables and accruals	(8,571)	481	5,255
(Decrease) increase in contract liabilities	(10,236)	23,077	(15,830)
Cash generated from operations	230,372	268,804	92,883
Income tax paid	(5,908)	(26,014)	(21,595)
Net cash from operating activities	224,464	242,790	71,288

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Interest received	6,081	10,168	11,650
Proceeds from redemption of wealth management products at FVTPL	463,883	239,561	–
Proceeds from disposal of property, plant and equipment	2,359	2,150	903
Rental and other refundable deposits received	–	–	5,973
Withdraw of pledged bank deposits for borrowings	2,274	–	–
Payments for rental and other refundable deposits	(387)	(526)	(7,681)
Purchase of property, plant and equipment	(121,643)	(124,456)	(165,333)
Payment for non-current assets	–	–	(15,923)
Settlement of foreign currency forward contracts	(8,004)	–	–
Purchase of wealth management products at FVTPL	(461,009)	(239,000)	–
Net cash used in investing activities	(116,446)	(112,103)	(170,411)
FINANCING ACTIVITIES			
New borrowings raised	500,932	380,916	587,642
Interest paid for lease liabilities	(2,361)	(2,629)	(2,722)
Repayment of lease liabilities	(22,882)	(23,195)	(24,825)
Interest paid for borrowings	(14,390)	(14,225)	(11,794)
Repayment of borrowings	(569,783)	(316,269)	(530,961)
Payment for accrued issue costs	–	–	(10,310)
Net cash (used in) from financing activities	(108,484)	24,598	7,030
Net (decrease) increase in cash and cash equivalents	(466)	155,285	(92,093)
Effect of foreign exchange rate changes	17,149	11,493	17,909
Cash and cash equivalents at the beginning of the year	364,877	381,560	548,338
Cash and cash equivalents at the end of the year, represented by bank balances and cash	381,560	548,338	474,154

NOTES TO THE FINANCIAL INFORMATION

1. INFORMATION

The Company was incorporated in the PRC as a joint stock company with limited liability. The controlling shareholder of the Company are Mr. Pan Yun and Mr. Guangshe Pan, son of Mr. Pan Yun (collectively the “**Controlling shareholders**”). The addresses of the registered office and principal place of business of the Company are the same as the registered office in the PRC and the headquarter in the PRC as stated in the section headed “Corporate Information” of the Prospectus.

The Group is principally engaged in the businesses of research and development, design, manufacturing and sales of electric home appliances and non-electric household goods throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 39.

The Historical Financial Information is presented in **RMB**, which is also the functional currency of the Company.

The statutory consolidated financial statements of the Company for the years ended 31 December 2022 prepared in accordance with the relevant accounting principles in the PRC were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合伙)) which was the certified public accountants registered in the PRC. The statutory consolidated financial statements of the Company for the years ended 31 December 2023 and 2024 prepared in accordance with the relevant accounting principles in the PRC were audited by Shenzhen Yuehua Certified Public Accountants LLP (深圳岳華會計師事務所(普通合伙)) which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting period beginning on 1 January 2024 throughout the Track Record Period.

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

Basis of consolidation

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

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

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

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

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

Investments in subsidiaries

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

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in Notes 6 and 30.

Leases

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

The Group as a lessee***Short-term leases***

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

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed payments less any lease incentives receivable.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

Foreign currencies

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

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

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity under the heading of translation reserve.

Borrowing costs

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

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

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

Government grants

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

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

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

Employee benefits***Retirement benefit costs***

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is recognised as an expense in the period in which it is incurred when it results in no internally-generated intangible asset.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

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

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

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

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

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

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

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Financial assets*Classification and subsequent measurement of financial assets*

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

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

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

(ii) Trade receivables classified at FVTOCI

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

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets subject to impairment assessment under IFRS 9

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

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and credit-impaired and collectively for the remaining debtors using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

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

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

Except for trade receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account. For trade receivables are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amounts of these trade receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

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

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

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

*Financial liabilities and equity**Classification as debt or equity*

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

Financial liabilities

Financial liabilities including trade and bills payables, amounts due to subsidiaries, other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Net realisable value of inventories

As at 31 December 2022, 2023 and 2024, the carrying amount of the Group's inventories is RMB173,738,000, RMB173,615,000, and RMB207,357,000, respectively. During the years ended 31 December 2022 and 2023, a write-down of inventories of RMB4,550,000 and RMB9,424,000 was recognised or in profit or loss, respectively. During the year ended 31 December 2024, a reversal of write-down of inventories of RMB1,976,000 was recognised or in profit or loss.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The Group assesses the net realisable value of inventories as well as the required amount of write-down of inventory provision at the end of each reporting period, which involves significant judgement on determination of the estimated selling prices, costs to completion and costs necessary to make the sale.

Provision of ECL for trade receivables

Trade receivables of the Group with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 36.

6. REVENUE AND SEGMENT INFORMATION**(i) Disaggregation of revenue from contracts with customers***Types of goods*

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Electric home appliances			
– Electro-thermic appliances	459,013	499,099	757,883
– Motor-driven appliances	317,623	321,937	315,560
– Electronic appliances	122,997	111,570	115,066
	<u>899,633</u>	<u>932,606</u>	<u>1,188,509</u>
Non-electric household goods			
– Garden hose	181,460	221,788	285,118
– Others (<i>note</i>)	15,872	33,927	27,883
	<u>197,332</u>	<u>255,715</u>	<u>313,001</u>
	<u>1,096,965</u>	<u>1,188,321</u>	<u>1,501,510</u>

Note: Others include cookware, cleaning tools and other household goods etc.

Shipping destination

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Overseas			
– North America			
– The United States of America (the “U.S.”)	755,142	958,315	1,148,669
– Others (<i>note</i>)	25,987	35,634	107,647
– Europe	227,672	111,730	139,551
– Oceania	44,073	28,834	57,219
– Asia (excluding the mainland China)	26,331	35,833	34,258
– South America	8,527	12,228	7,369
– Africa	552	759	476
Domestic			
–Mainland China	8,681	4,988	6,321
	<u>1,096,965</u>	<u>1,188,321</u>	<u>1,501,510</u>

Note: Others include Canada and Mexico.

Timing of revenue recognition

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time.

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

The Group sells electric home appliances and non-electric household goods directly to customers mainly through offline channels and also via online channels.

Revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific location (delivery) (for offline channels) and at the point the goods are delivered to and accepted by the customers (for online channels). The Group requires an advance payment or grants the customers a credit period from 30 days to 135 days based on the assessed credit worthiness of the customers. A contract liability is recognised for advance payments received for sales in which revenue has yet been recognised.

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

The contracts for selling electric home appliances and non-electric household goods are for period of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and performance assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The details of the Group's revenue from external customers by shipping destination of the products are set out in Note 6(i).

The Group's operations are located in the PRC (country of domicile), the U.S., Thailand and Indonesia. Information about the Group's non-current assets (excluding deferred tax assets and financial assets) is presented based on the geographical location of the assets.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The PRC	433,169	555,934	602,076
Indonesia	–	13,227	15,234
Thailand	–	–	15,946
The U.S.	4,987	3,269	1,446
	<u>438,156</u>	<u>572,430</u>	<u>634,702</u>

(v) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follow:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Customer A (note i)	223,746	282,148	361,741
Customer B (note ii)	233,390	338,166	316,679
Customer C (note iii)	N/A	N/A	269,047

Notes:

- (i) The customer is a group of companies under the same control of an independent third party.
- (ii) The customer is a group of companies under the same holding company.
- (iii) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the years ended 31 December 2022 and 2023.

7. OTHER INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants			
– related to expense items (<i>note</i>)	13,117	7,890	4,267
– related to assets (<i>Note 31</i>)	163	163	163
	<u>13,280</u>	<u>8,053</u>	<u>4,430</u>
Interest income	6,081	10,168	11,650
Compensation income from customers	344	7	118
Sales of materials, mouldings and scraps	2,342	2,793	1,946
Rental income	924	647	951
Others	244	481	287
	<u>23,215</u>	<u>22,149</u>	<u>19,382</u>

Note: The amount mainly represents various subsidies received from the PRC government authorities. Unconditional government grants are recognised in profit and loss when received.

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment losses recognised (reversed) on:			
– Trade receivables	2,450	2,015	1,143
– Trade receivables at FVTOCI	127	190	(318)
– Other receivables	(967)	289	40
	<u>1,610</u>	<u>2,494</u>	<u>865</u>

9. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Gain from wealth management products measured at FVTPL	2,874	561	–
Gain from termination of lease contracts	12	15	–
Loss from foreign currency forward contracts	(8,004)	–	–
Gain on disposal of property, plant and equipment	53	7	51
Net foreign exchange gains	14,386	9,939	16,706
Impairment losses recognised on investment property	–	–	(2,000)
Loss on trade receivables at FVTOCI reclassified from equity upon derecognition	–	–	(3,597)
Others	(719)	(724)	(514)
	<u>8,602</u>	<u>9,798</u>	<u>10,646</u>

10. FINANCE COSTS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on borrowings	13,014	14,689	11,809
Interest on lease liabilities	<u>2,361</u>	<u>2,629</u>	<u>2,722</u>
Total borrowing costs	15,375	17,318	14,531
Less: amounts capitalised in the cost of qualifying assets	<u>(908)</u>	<u>(4,799)</u>	<u>(2,538)</u>
	<u>14,467</u>	<u>12,519</u>	<u>11,993</u>

During the years ended 31 December 2022, 2023 and 2024, the weighted average capitalisation rate on the borrowing is 4.5%, 4.3% and 4.2%, respectively, per annum.

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax:			
– PRC Enterprise Income Tax	11,730	25,357	27,522
– Hong Kong	762	154	–
– U.S.	341	175	66
	<u>12,833</u>	<u>25,686</u>	<u>27,588</u>
Over provision in prior years:			
– PRC Enterprise Income Tax	–	–	(6,319)
	<u>(1,173)</u>	<u>(455)</u>	<u>(379)</u>
Deferred tax (note 21)			
	<u>11,660</u>	<u>25,231</u>	<u>20,890</u>

PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period.

The Company has been accredited as the High New Tech Enterprises for a term of three years from 2022 to 2024. According to the EIT Law for High New Tech Enterprises, the Company was subject to Enterprise Income Tax rate of 15% during the Track Record Period.

Hong Kong

The Company’s subsidiaries domiciled in Hong Kong are subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%.

U.S.

Pursuant to the applicable U.S. federal and state income tax laws, the U.S. subsidiaries have provided income taxes on their federal and state taxable income at the 21% U.S. federal statutory corporate income tax rate and states statutory corporate tax rates of up to 8.84% throughout the Track Record Period, respectively.

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

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	91,921	146,693	161,315
Tax at the domestic income tax rate of 15%	13,788	22,004	24,197
Tax effect of expenses not deductible for tax purposes	608	2,444	1,139
Effect of different tax rates of the subsidiaries	3,020	6,165	7,602
Tax effect of deductible temporary differences or tax losses not recognised	944	1,303	1,471
Utilisation of deductible temporary differences or tax losses previously not recognised	–	(96)	(224)
Additional deduction of research and development expenses (<i>note</i>)	(6,700)	(6,589)	(6,976)
Over provision in respect of prior years	–	–	(6,319)
	<u>11,660</u>	<u>25,231</u>	<u>20,890</u>

Note: According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from 1 January 2022 to 30 September 2022 and for the period from 1 October 2022 to 31 December 2024, respectively.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Directors' and supervisors' emoluments (<i>Note 13</i>)	6,292	6,817	7,386
Other staffs costs (excluding directors' and supervisors' emoluments)			
– Salaries, bonus and other allowances	190,469	193,927	212,387
– Discretionary bonus	3,590	5,022	6,874
– Retirement benefits scheme contributions	13,275	12,732	18,687
Total staff costs	213,626	218,498	245,334
Capitalised in inventories	(136,581)	(143,203)	(158,223)
	77,045	75,295	87,111
Depreciation of property, plant and equipment	47,138	40,015	43,868
Depreciation of investment properties	201	726	890
Depreciation of right-of-use assets	24,475	25,682	27,180
Amortisation of intangible assets	18	18	21
Total depreciation and amortisation	71,832	66,441	71,959
Capitalised in inventories	(49,273)	(43,500)	(41,773)
Capitalised in construction in progress	(740)	(741)	(308)
	21,819	22,200	29,878
Impairment losses recognised on investment property included in other gains and losses	–	–	2,000
Auditor's remuneration	1,000	1,000	80
Listing expenses	–	–	370
Other expenses			
– Professional fees (<i>note</i>)	3,686	3,280	1,356
– Donation	120	190	483
	3,806	3,470	1,839
Lease expense related to short-term leases	1,481	670	548
Write-down (reversal of write-down) of inventories, included in cost of sales	4,550	9,424	(1,976)
Cost of inventories recognised as an expense	873,095	902,300	1,172,986

Note: The amount represents the professional fees incurred in connection with the application for the Company's A-share listing, which was terminated in 2024.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows:

	Fees RMB'000	Salaries, bonus and other allowances RMB'000	Discretionary bonus (note i) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2022					
<i>Executive directors:</i>					
Mr. Pan Yun	–	649	60	–	709
Mr. Guangshe Pan	–	2,254	–	–	2,254
Ms. Ji Ying	–	547	60	–	607
Ms. Li, Youxiang	–	547	60	5	612
Mr. Xu Xiping	–	270	15	5	290
Ms. Hu Yan	–	549	60	5	614
<i>Independent non-executive directors:</i>					
Mr. Chen Yong (note ii)	50	–	–	–	50
Dr. Huang Hanxiong	50	–	–	–	50
Dr. Li Jiannan	50	–	–	–	50
<i>Supervisors:</i>					
Mr. Yip Hung Tung	–	390	35	4	429
Mr. Shi Chuanlai	–	307	70	5	382
Ms. Yi Hongliang	–	215	25	5	245
	150	5,728	385	29	6,292

For the year ended 31 December 2023

<i>Executive directors:</i>					
Mr. Pan Yun	–	666	120	–	786
Mr. Guangshe Pan	–	2,327	–	–	2,327
Ms. Ji Ying	–	555	120	–	675
Ms. Li, Youxiang	–	565	120	5	690
Mr. Xu Xiping	–	273	23	5	301
Ms. Hu Yan	–	555	120	5	680
<i>Independent non-executive directors:</i>					
Mr. Chen Yong (note ii)	50	–	–	–	50
Dr. Huang Hanxiong	50	–	–	–	50
Dr. Li Jiannan	50	–	–	–	50
<i>Supervisors:</i>					
Mr. Yip Hung Tung	–	402	75	4	481
Mr. Shi Chuanlai	–	321	120	5	446
Ms. Yi Hongliang	–	216	60	5	281
	150	5,880	758	29	6,817

	Fees RMB'000	Salaries, bonus and other allowances RMB'000	Discretionary bonus (note i) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024					
<i>Executive directors:</i>					
Mr. Pan Yun	–	824	180	–	1,004
Mr. Guangshe Pan	–	1,894	–	–	1,894
Ms. Ji Ying	–	688	180	–	868
Ms. Li, Youxiang	–	691	180	8	879
Mr. Xu Xiping	–	296	35	8	339
Ms. Hu Yan	–	686	180	8	874
<i>Independent non-executive directors:</i>					
Mr. Chen Yong (note ii)	33	–	–	–	33
Dr. Gu Zhaoyang (note iii)	28	–	–	–	28
Dr. Huang Hanxiong	50	–	–	–	50
Dr. Li Jiannan	50	–	–	–	50
<i>Supervisors:</i>					
Mr. Yip Hung Tung	–	422	75	8	505
Mr. Shi Chuanlai	–	348	138	8	494
Ms. Yi Hongliang	–	280	80	8	368
	<u>161</u>	<u>6,129</u>	<u>1,048</u>	<u>48</u>	<u>7,386</u>

Notes:

- (i) The discretionary bonus is determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.
- (ii) Mr. Chen Yong resigned as an independent non-executive director of the Company on 4 September 2024.
- (iii) Dr. Gu Zhaoyang was appointed as an independent director of the Company on 5 September 2024 and redesignated as an independent non-executive director on 24 September 2024.

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

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

The supervisors' emoluments shown above were for their services as supervisors of the Company.

During the Track Record Period, none of the directors nor the supervisors of the Company had waived any emoluments.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included four, four and four directors during the years ended 31 December 2022, 2023 and 2024, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining one, one and one highest paid individual during the years ended 31 December 2022, 2023 and 2024, respectively, are as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonus and other allowances	616	702	861
Discretionary bonus	40	100	200
Retirement benefit scheme contributions	5	5	8
	<u>661</u>	<u>807</u>	<u>1,069</u>

The number of the highest paid employees who are not the directors or supervisors whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>No. of</i>	<i>No. of</i>	<i>No. of</i>
	<i>employees</i>	<i>employees</i>	<i>employees</i>
Emolument bands			
Nil to Hong Kong dollar ("HK\$")1,000,000	1	1	–
HK\$1,000,000 to HK\$1,500,000	–	–	1
	<u>1</u>	<u>1</u>	<u>1</u>

No emoluments had been paid by the Group to any of the directors or the supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

No dividend was paid or proposed by the Company and its subsidiaries during the Track Record Period.

16. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 December		
	2022	2023	2024
Profit for the year attributable to owners of the Company for basic earnings per share (<i>RMB'000</i>)	80,261	121,462	140,425
Number of shares:			
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>'000</i>)	204,660	204,660	204,660

No diluted earnings per share for the Track Record Period were presented as there were no potential ordinary shares in issue for the Track Record Period.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2022	156,752	365,870	14,909	26,855	15,529	18,503	598,418
Additions	–	12,410	166	523	426	126,208	139,733
Transfers	–	7,452	–	–	–	(7,452)	–
Transfers from investment properties (Note 19)	4,219	–	–	–	–	–	4,219
Transfers to investment properties (Note 19)	(2,083)	–	–	–	–	–	(2,083)
Disposals	–	(7,366)	(284)	(354)	–	–	(8,004)
Exchange adjustments	–	–	135	–	–	–	135
At 31 December 2022	158,888	378,366	14,926	27,024	15,955	137,259	732,418
Additions	–	16,436	626	1,538	1,192	148,435	168,227
Transfers	–	8,398	–	–	–	(8,398)	–
Transfers to investment properties (Note 19)	(16,272)	–	–	–	–	–	(16,272)
Disposals	(586)	(7,230)	(792)	(550)	–	–	(9,158)
Exchange adjustments	–	–	27	–	–	–	27
At 31 December 2023	142,030	395,970	14,787	28,012	17,147	277,296	875,242
Additions	11,564	26,453	1,075	1,624	1,298	72,692	114,706
Transfers	327,594	20,113	–	–	–	(347,707)	–
Disposals	–	(2,688)	(614)	(305)	–	–	(3,607)
Exchange adjustments	–	(15)	24	(2)	–	–	7
At 31 December 2024	481,188	439,833	15,272	29,329	18,445	2,281	986,348
DEPRECIATION AND IMPAIRMENT							
At 1 January 2022	53,493	270,352	9,823	21,695	13,213	–	368,576
Provided for the year	7,105	35,170	1,489	1,867	1,507	–	47,138
Transfers from investment properties (Note 19)	1,670	–	–	–	–	–	1,670
Transfers to investment properties (Note 19)	(1,979)	–	–	–	–	–	(1,979)
Eliminated on disposals	–	(5,105)	(269)	(324)	–	–	(5,698)
Exchange adjustments	–	–	35	–	–	–	35
At 31 December 2022	60,289	300,417	11,078	23,238	14,720	–	409,742
Provided for the year	6,582	30,011	1,074	1,309	1,039	–	40,015
Transfers to investment properties (Note 19)	(1,258)	–	–	–	–	–	(1,258)
Eliminated on disposals	(557)	(5,183)	(752)	(523)	–	–	(7,015)
Exchange adjustments	–	–	12	–	–	–	12
At 31 December 2023	65,056	325,245	11,412	24,024	15,759	–	441,496
Provided for the year	14,078	26,872	1,093	1,064	761	–	43,868
Eliminated on disposals	–	(1,911)	(558)	(286)	–	–	(2,755)
Exchange adjustments	–	(1)	16	(1)	–	–	14
At 31 December 2024	79,134	350,205	11,963	24,801	16,520	–	482,623
CARRYING VALUES							
At 31 December 2022	98,599	77,949	3,848	3,786	1,235	137,259	322,676
At 31 December 2023	76,974	70,725	3,375	3,988	1,388	277,296	433,746
At 31 December 2024	402,054	89,628	3,309	4,528	1,925	2,281	503,725

The Company

	Buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
COST						
At 1 January 2022	114,920	91,012	2,303	11,166	481	219,882
Additions	–	5,562	11	109	–	5,682
Transfers from investment properties (<i>Note 19</i>)	4,219	–	–	–	–	4,219
Disposals	–	(646)	(66)	(267)	–	(979)
At 31 December 2022	119,139	95,928	2,248	11,008	481	228,804
Additions	–	5,749	–	591	791	7,131
Disposals	(586)	(1,642)	–	(308)	–	(2,536)
At 31 December 2023	118,553	100,035	2,248	11,291	1,272	233,399
Additions	–	2,449	–	195	1,208	3,852
Disposals	–	(983)	–	–	–	(983)
At 31 December 2024	118,553	101,501	2,248	11,486	2,480	236,268
DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	38,863	71,233	1,809	9,694	467	122,066
Provided for the year	5,548	7,503	158	578	14	13,801
Transfers from investment properties (<i>Note 19</i>)	1,670	–	–	–	–	1,670
Eliminated on disposals	–	(466)	(63)	(251)	–	(780)
At 31 December 2022	46,081	78,270	1,904	10,021	481	136,757
Provided for the year	5,631	6,402	118	298	150	12,599
Eliminated on disposals	(557)	(1,519)	–	(292)	–	(2,368)
At 31 December 2023	51,155	83,153	2,022	10,027	631	146,988
Provided for the year	5,631	4,670	70	272	313	10,956
Eliminated on disposals	–	(848)	–	–	–	(848)
At 31 December 2024	56,786	86,975	2,092	10,299	944	157,096
CARRYING VALUES						
At 31 December 2022	73,058	17,658	344	987	–	92,047
At 31 December 2023	67,398	16,882	226	1,264	641	86,411
At 31 December 2024	61,767	14,526	156	1,187	1,536	79,172

The Group's and the Company's property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Transfers to, or from, investment property are made when, and only when, there is a change in use, evidenced by (i) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (ii) end of owner-occupation, for a transfer from owner-occupied property to investment property.

The above items of property, plant and equipment except for construction in progress are depreciated on a straight-line basis over the useful lives as follows:

Buildings	20 years
Machinery and equipment	3 to 10 years
Motor vehicles	8 years
Electronic equipment	3 to 5 years
Leasehold improvement	Over the shorter of lease term or 5 years

The Group is in the process of obtaining the property ownership certificates of buildings with carrying amounts of nil, nil, and RMB331,424,000 as at 31 December 2022, 2023 and 2024, respectively.

Details of the pledged property, plant and equipment are disclosed in Note 28.

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022			
Carrying amounts	53,704	57,750	111,454
As at 31 December 2023			
Carrying amounts	52,479	67,363	119,842
As at 31 December 2024			
Carrying amounts	51,254	48,750	100,004

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2022			
Depreciation charge	1,225	23,250	24,475
Capitalised in construction in progress	(740)	–	(740)
	<u>485</u>	<u>23,250</u>	<u>23,735</u>
For the year ended 31 December 2023			
Depreciation charge	1,225	24,457	25,682
Capitalised in construction in progress	(741)	–	(741)
	<u>484</u>	<u>24,457</u>	<u>24,941</u>
For the year ended 31 December 2024			
Depreciation charge	1,225	25,955	27,180
Capitalised in construction in progress	(308)	–	(308)
	<u>917</u>	<u>25,955</u>	<u>26,872</u>
	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expense relating to short-term leases	1,481	670	548
Total cash outflow for leases	26,724	26,494	28,095
Addition to right-of-use assets	<u>63,528</u>	<u>34,121</u>	<u>7,298</u>

The Company

	Leasehold land <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022			
Carrying amounts	14,964	68	15,032
As at 31 December 2023			
Carrying amounts	14,586	71	14,657
As at 31 December 2024			
Carrying amounts	14,208	70	14,278
For the year ended 31 December 2022			
Depreciation charge	378	820	1,198
For the year ended 31 December 2023			
Depreciation charge	378	854	1,232
For the year ended 31 December 2024			
Depreciation charge	378	857	1,235

The Group and the Company lease warehouses and various offices for its operations. Lease terms are negotiated by the Group and the Company on an individual basis and contain a wide range of different terms and conditions. The terms are fixed with various period, from 1 to 10 years. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company apply the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarters and warehouses. As at 31 December 2022, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, the Group and the Company own several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group and the Company are the registered owner of these property interests, including underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately, for which the Group and the Company have obtained the land use right certificates. Details of the pledged leasehold lands are disclosed in Note 28.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

The Group

	Investment properties <i>RMB'000</i>
COST	
As at 1 January 2022	8,766
Transfers from property, plant and equipment (<i>Note 17</i>)	2,083
Transfers to property, plant and equipment (<i>Note 17</i>)	<u>(4,219)</u>
As at 31 December 2022	6,630
Transfers from property, plant and equipment (<i>Note 17</i>)	<u>16,272</u>
As at 31 December 2023 and 31 December 2024	<u>22,902</u>
DEPRECIATION	
As at 1 January 2022	4,352
Charge for the year	201
Transfers from property, plant and equipment (<i>Note 17</i>)	1,979
Transfers to property, plant and equipment (<i>Note 17</i>)	<u>(1,670)</u>
As at 31 December 2022	4,862
Charge for the year	726
Transfers from property, plant and equipment (<i>Note 17</i>)	<u>1,258</u>
As at 31 December 2023	6,846
Charge for the year	<u>890</u>
As at 31 December 2024	<u>7,736</u>
IMPAIRMENT	
As at 1 January 2022, 31 December 2022, 31 December 2023	–
Provided for the year	<u>2,000</u>
As at 31 December 2024	<u>2,000</u>
CARRYING VALUES	
At 31 December 2022	<u>1,768</u>
At 31 December 2023	<u>16,056</u>
At 31 December 2024	<u>13,166</u>

The Company

	Investment property RMB'000
COST	
As at 1 January 2022	6,682
Transfers to property, plant and equipment (<i>Note 17</i>)	<u>(4,219)</u>
As at 31 December 2022, 31 December 2023 and 31 December 2024	<u>2,463</u>
DEPRECIATION	
As at 1 January 2022	2,372
Charge for the year	201
Transfers to property, plant and equipment (<i>Note 17</i>)	<u>(1,670)</u>
As at 31 December 2022	903
Charge for the year	<u>117</u>
As at 31 December 2023	1,020
Charge for the year	<u>117</u>
As at 31 December 2024	<u>1,137</u>
CARRYING VALUES	
At 31 December 2022	<u><u>1,560</u></u>
At 31 December 2023	<u><u>1,443</u></u>
At 31 December 2024	<u><u>1,326</u></u>

The above investment properties are measured using the cost model and represent office units and industrial buildings located in the PRC and are depreciated on a straight-line basis over 20 years.

As at 31 December 2022, 2023 and 2024, the fair value of the Group's investment properties are RMB14,510,000, RMB26,420,000 and RMB24,150,000 and the fair value of the Company's investment properties are RMB3,640,000, RMB3,490,000 and RMB3,160,000, respectively. The fair value has been arrived at based on a valuation carried out by an independent qualified professional valuer not connected with the Group.

The fair value was determined based on the income approach, taking into considerations the term value of the property by capitalising the rental income over the existing lease terms and the reversionary value by capitalising the current market rental income of the property until the end of the land use right terms. In estimating the fair value of the property, the highest and best use of the property is their current use. The fair value of the Group's investment property as at 31 December 2022, 2023 and 2024 is grouped into Level 3 of fair value measurement. There has been no change from the valuation technique used in the Track Record Period.

Details of the pledged investment properties of the Group are disclosed in Note 28.

20. INTANGIBLE ASSETS**The Group****Software**
*RMB'000***COST**

As at 1 January 2022, 31 December 2022 and 31 December 2023

177

Additions

48

As at 31 December 2024

225

AMORTISATION

As at 1 January 2022

43

Charge for the year

18

As at 31 December 2022

61

Charge for the year

18

As at 31 December 2023

79

Charge for the year

21

As at 31 December 2024

100

CARRYING VALUES

At 31 December 2022

116

At 31 December 2023

98

At 31 December 2024

125

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

Software

10 years

21. DEFERRED TAXATION

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

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	13,648	14,103	14,482	2,304	3,625	1,837

The Group

	Provision of write-down of inventories	Provision for impairment of property, plant and equipment	ECL provision	Lease liabilities	Right-of- use assets	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	4,187	2,102	1,727	4,588	(4,333)	3,276	928	12,475
Credit (charge) to profit or loss	1,131	(137)	282	10,393	(10,297)	(51)	(148)	1,173
At 31 December 2022	5,318	1,965	2,009	14,981	(14,630)	3,225	780	13,648
Credit (charge) to profit or loss	2,081	–	202	2,255	(1,942)	(2,542)	401	455
At 31 December 2023	7,399	1,965	2,211	17,236	(16,572)	683	1,181	14,103
(Charge) credit to profit or loss	(228)	–	(105)	(4,428)	4,678	1,817	(1,355)	379
At 31 December 2024	7,171	1,965	2,106	12,808	(11,894)	2,500	(174)	14,482

The Company

	Provision of write-down of inventories <i>RMB'000</i>	Provision for impairment of property, plant and equipment <i>RMB'000</i>	ECL provision <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	508	1,121	2	654	2,285
(Charge) credit to profit or loss	(74)	(18)	250	(139)	19
At 31 December 2022	434	1,103	252	515	2,304
Credit to profit or loss	668	–	124	529	1,321
At 31 December 2023	1,102	1,103	376	1,044	3,625
Charge to profit or loss	(426)	–	(141)	(1,221)	(1,788)
At 31 December 2024	676	1,103	235	(177)	1,837

The Group has unused tax losses of RMB21,179,000, RMB16,244,000 and RMB26,777,000 available for offset against future profits as at 31 December 2022, 2023 and 2024, respectively. A deferred tax asset has been recognised in respect of RMB12,899,000, RMB2,740,000 and RMB10,253,000 of such losses as at 31 December 2022, 2023 and 2024, respectively. No deferred tax asset has been recognised on the tax losses of remaining RMB8,280,000, RMB13,504,000 and RMB16,524,000 of such losses as at 31 December 2022, 2023 and 2024, respectively due to the unpredictability of future profit streams. The unrecognised tax losses with expiry dates are disclosed in the following table.

	The Group As at 31 December			The Company As at 31 December		
	2022	2023	2024	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2023	1,072	–	–	–	–	–
2024	780	780	–	–	–	–
2025	2,264	1,878	1,732	–	–	–
2026	1,586	1,586	1,171	–	–	–
2027	2,578	2,578	2,243	–	–	–
2028	–	4,111	4,111	–	–	–
2029	–	–	1,972	–	–	–
Indefinitely	–	2,571	5,295	–	–	–
	8,280	13,504	16,524	–	–	–

22. INVENTORIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	69,211	62,323	75,195	25,225	12,171	16,241
Work in progress	67,265	63,978	74,869	13,987	11,815	19,753
Finished goods	43,209	41,865	64,942	8,024	5,698	12,206
Goods in transit	21,562	42,382	27,308	8,506	26,998	12,169
	201,247	210,548	242,314	55,742	56,682	60,369
Less: provision	(27,509)	(36,933)	(34,957)	(2,891)	(7,349)	(4,506)
	173,738	173,615	207,357	52,851	49,333	55,863

23. TRADE AND BILLS RECEIVABLES/TRADE RECEIVABLES AT FVTOCI

(a) Trade and bills receivables

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	135,154	150,596	241,286	192,756	136,207	245,979
Bills receivable	168	–	–	–	–	–
Less: allowance for ECL	(2,486)	(4,503)	(5,646)	(1,676)	(2,509)	(1,570)
	132,836	146,093	235,640	191,080	133,698	244,409

Details of the trade receivables for goods sold to the subsidiaries of the Company included in the table above are set out in Note 37.

As at 1 January 2022, the carrying amount of trade and bills receivables net of allowance for ECL from contracts with customers of the Group and the Company amounted to RMB203,782,000 and RMB124,817,000, respectively.

Ageing of trade receivables is prepared based on the dates of delivery of goods, which approximated the respective revenue recognition dates, as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	130,698	146,164	236,440	189,915	133,698	244,414
1–2 years	4,093	924	776	2,799	533	–
2–3 years	338	3,249	840	42	1,934	499
Over 3 years	25	259	3,230	–	42	1,066
	<u>135,154</u>	<u>150,596</u>	<u>241,286</u>	<u>192,756</u>	<u>136,207</u>	<u>245,979</u>

The normal credit term to the customers ranged between 30 to 135 days.

As at 31 December 2022, 2023 and 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB25,664,000, RMB30,737,000 and RMB49,577,000 which are past due as at the reporting date.

Out of the past due 90 days or more balances, RMB715,000, RMB223,000 and RMB2,462,000 is not considered as in default due to the historical and expected subsequent repayment from the debtors and the remaining trade receivables due 90 days or more amounting to RMB4,649,000, RMB4,149,000 and RMB4,350,000 has become credit-impaired. The Group does not hold any collateral over these balances.

Details of the pledged trade receivables and impairment assessment of trade and bills receivables are set out in Notes 28 and 36, respectively.

(b) Trade receivables at FVTOCI

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables at FVTOCI	<u>11,479</u>	<u>15,750</u>	<u>2,145</u>

As at 1 January 2022, trade receivables at FVTOCI from contracts with customers amounted to RMB25,123,000.

The amounts represent the trade receivables that were held under the “hold to collect and sell” business model, whose objective is achieved by both collecting contractual cash flows and factoring trade receivables to the banks without recourse. Hence these trade receivables are measured at FVTOCI. In the opinion of the Directors, when the trade receivables are factored to banks, the Group transfers substantially all the risks and rewards of ownership to banks, and accordingly the related trade receivables are derecognised. The ageing analysis of the trade receivables at FVTOCI based on the dates of delivery of goods is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	11,035	15,456	2,145
1–2 years	444	14	–
2–3 years	–	280	–
	<u>11,479</u>	<u>15,750</u>	<u>2,145</u>

24. PREPAYMENTS FOR NON-CURRENT ASSETS/PREPAYMENTS AND OTHER RECEIVABLES

(a) Prepayments for non-current assets

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for purchase of						
– Property, plant and equipment	2,142	2,688	1,807	189	356	48
– Freehold land	–	–	15,875	–	–	–
	<u>2,142</u>	<u>2,688</u>	<u>17,682</u>	<u>189</u>	<u>356</u>	<u>48</u>

(b) Prepayments and other receivables

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other tax recoverable	17,739	29,080	42,135	4,347	3,311	3,961
Prepayments	5,806	3,771	8,017	347	185	2,045
Prepaid professional fee	1,218	1,356	–	1,218	1,356	–
Deferred issue costs	–	–	15,085	–	–	15,085
Receivables for payments made on behalf of customers	–	–	24,957	–	–	–
Receivables from suppliers for litigation settlement	6,823	7,274	7,274	–	–	–
Rental and other deposits	3,916	4,442	6,150	369	369	1,927
Refundable deposits for land use rights	2,000	2,000	2,000	2,000	2,000	2,000
Others	3,629	1,262	2,600	355	396	551
	41,131	49,185	108,218	8,636	7,617	25,569
Less: allowance for ECL	(7,026)	(7,315)	(7,355)	–	–	–
	<u>34,105</u>	<u>41,870</u>	<u>100,863</u>	<u>8,636</u>	<u>7,617</u>	<u>25,569</u>
Analysed for reporting purposes as:						
Current assets	30,598	37,837	96,669	8,486	7,467	25,419
Non-current assets	3,507	4,033	4,194	150	150	150
	<u>34,105</u>	<u>41,870</u>	<u>100,863</u>	<u>8,636</u>	<u>7,617</u>	<u>25,569</u>

Details of impairment assessment of other receivables are set out in Note 36.

25. PLEDGED AND RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The ranges of fixed interest rates/market rates on the pledged and restricted bank deposits/bank balances and cash are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	%	%	%	%	%	%
Fixed-rate pledged and restricted bank deposits	1.30	1.30	1.30	—	—	—
Variable-rate bank balances	0.00–1.76	0.00–4.30	0.00–4.25	0.01–1.76	0.01–4.30	0.01–4.25

The deposits amounting to RMB35,000,000, RMB35,000,000, and RMB35,000,000 have been pledged to banking facilities with revolving credit and are therefore classified as non-current assets as at 31 December 2022, 2023 and 2024, respectively. The pledged bank deposits will be released upon the settlement of relevant borrowings or the end of agreement period. The Group's restricted bank deposits of RMB145,000 as at 31 December 2024 are frozen due to an ongoing litigation case involving immaterial claims.

Details of impairment assessment and pledge of bank deposits are set out in Notes 36 and 28, respectively.

26. TRADE AND BILLS PAYABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	192,270	257,273	264,457	67,252	61,082	68,681
Bills payables	16,527	17,357	28,017	—	—	—
	<u>208,797</u>	<u>274,630</u>	<u>292,474</u>	<u>67,252</u>	<u>61,082</u>	<u>68,681</u>

The following is the ageing analysis of trade payables based on the date of goods and services received at the end of each reporting period:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	186,790	254,672	262,081	65,094	60,464	68,191
1–2 years	3,572	371	104	1,574	159	13
2–3 years	344	558	251	23	166	21
Over 3 years	1,564	1,672	2,021	561	293	456
	<u>192,270</u>	<u>257,273</u>	<u>264,457</u>	<u>67,252</u>	<u>61,082</u>	<u>68,681</u>

The credit period on purchases of goods and services of the Group and Company is within 120 days. All the bills payable with maturity within one year.

27. OTHER PAYABLES AND ACCRUALS

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accrued employees' benefits	17,310	21,201	23,020	5,253	6,270	6,786
Payables for acquisition of property, plant and equipment	31,493	70,270	15,916	3,613	1,821	720
Other accrued charges	4,869	4,813	6,434	1,496	2,255	1,851
Settlement payables to suppliers on behalf of customers	5,113	2,009	4,688	–	–	–
Other taxes payable	4,108	3,607	2,766	1,703	1,077	1,098
Deposits received	757	929	871	284	345	222
Accrued issue costs	–	–	4,775	–	–	4,775
Others	322	401	436	90	75	10
	<u>63,972</u>	<u>103,230</u>	<u>58,906</u>	<u>12,439</u>	<u>11,843</u>	<u>15,462</u>

28. BORROWINGS

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans:						
Secured and guaranteed	122,856	183,417	154,918	17,299	–	–
Unsecured and guaranteed	57,568	63,379	–	35,170	38,378	28,426
Secured and unguaranteed	–	–	75,063	–	–	–
Unsecured and unguaranteed	–	–	93,110	–	–	28,722
	<u>180,424</u>	<u>246,796</u>	<u>323,091</u>	<u>52,469</u>	<u>38,378</u>	<u>57,148</u>
The carrying amounts of the above borrowings are repayable*:						
– Within one year	115,112	129,294	207,055	52,469	38,378	57,148
– Within a period of more than one year but not exceeding two years	13,062	29,375	38,679	–	–	–
– Within a period of more than two years but not exceeding five years	39,187	88,127	77,357	–	–	–
– Within a period of more than five years	13,063	–	–	–	–	–
	<u>180,424</u>	<u>246,796</u>	<u>323,091</u>	<u>52,469</u>	<u>38,378</u>	<u>57,148</u>
Less: amounts due within one year shown under current liabilities	<u>(115,112)</u>	<u>(129,294)</u>	<u>(207,055)</u>	<u>(52,469)</u>	<u>(38,378)</u>	<u>(57,148)</u>
Amounts shown under non-current liabilities	<u>65,312</u>	<u>117,502</u>	<u>116,036</u>	<u>–</u>	<u>–</u>	<u>–</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the borrowings are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	112,256	103,676	168,173	52,469	38,378	57,148
Variable-rate borrowings	68,168	143,120	154,918	—	—	—
	<u>180,424</u>	<u>246,796</u>	<u>323,091</u>	<u>52,469</u>	<u>38,378</u>	<u>57,148</u>

The Group's variable-rate borrowings carry interest at Loan Prime Rate ("LPR"). Interest is reset every 12 months.

The range of effective interest rates (which are also equal to contracted interest rates) on the borrowings is as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	%	%	%	%	%	%
Effective interest rate:						
Fixed-rate borrowings	4.35–10.89	3.90–6.83	2.80–5.99	4.35–5.45	4.30–4.40	2.80–3.45
Variable-rate borrowings	4.30–4.45	4.20	3.35–3.95	—	—	—

The borrowings had been secured by the pledge of the Group's and the Company's assets. The carrying amounts of the respective assets are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits	35,000	35,000	35,000	—	—	—
Trade receivables	19,581	6,577	9,201	—	—	—
Property, plant and equipment	219,591	352,868	376,014	73,058	67,397	36,550
Investment properties	1,768	1,651	208	1,560	1,443	—
Leasehold lands	52,675	51,492	46,163	14,964	14,586	10,060
	<u>328,615</u>	<u>447,588</u>	<u>466,586</u>	<u>89,582</u>	<u>83,426</u>	<u>46,610</u>

Note: The Company's pledged assets as at 31 December 2023 and 2024 were pledged for bank loans of its subsidiaries. The Company's pledged assets as at 31 December 2022 were for bank loans of the Company and its subsidiaries.

Details of the guarantees for the borrowings are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Maximum amounts under banking facilities guaranteed by: Mr. Pan Yun and/or Ms. Cao Chengling (note)	895,027	868,274	400,000	173,500	173,500	—

Note: Ms. Cao Chengling is the spouse of Mr. Pan Yun, one of the Controlling shareholders.

The guarantees for the borrowings provided by Mr. Pan Yun and/or Ms. Cao Chengling as at 31 December 2024 were released in January 2025.

Certain of the Company's borrowings at the end of each reporting period are guaranteed by certain subsidiaries.

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollars ("US\$")	13,875	4,867	6,532	—	—	—

29. LEASE LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:						
Within one year	19,679	23,636	19,806	70	73	73
Within a period of more than one year but not more than two years	19,269	17,152	12,740	–	–	–
Within a period of more than two years but not more than five years	20,174	21,061	14,130	–	–	–
Over five years	–	8,133	5,823	–	–	–
	59,122	69,982	52,499	70	73	73
Less: amount due for settlement within 12 months shown under current liabilities	(19,679)	(23,636)	(19,806)	(70)	(73)	(73)
Amount due for settlement after 12 months shown under non-current liabilities	39,443	46,346	32,693	–	–	–

The weighted average incremental borrowing rates applied to lease liabilities is 4.80%, 4.80% and 4.65% as at 31 December 2022, 2023 and 2024, respectively.

30. CONTRACT LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods	36,261	59,338	43,508	21,214	314	175

As at 1 January 2022, the Group's and the Company's contract liabilities amounted to RMB46,497,000 and RMB7,018,000, respectively.

Revenue recognised during each reporting period with performance obligation satisfied includes the entire amount of contract liability at the beginning of each reporting period.

Details of the contract liabilities for goods sold to the subsidiaries of the Company included in the table above are set out in Note 37.

31. DEFERRED INCOME

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets-related government subsidies	2,534	2,371	2,208	2,534	2,371	2,208
Less: amount due for settlement within 12 months shown under current liabilities	(163)	(163)	(163)	(163)	(163)	(163)
	<u>2,371</u>	<u>2,208</u>	<u>2,045</u>	<u>2,371</u>	<u>2,208</u>	<u>2,045</u>

Deferred income consists of government grants provided by the relevant PRC government authorities for the purposes of financing the purchase of buildings and machinery and the related expenses to be incurred for the development of new products or technology. The amounts are recognised as income to match with related expenses or on systematic basis over the useful lives of the relevant assets upon completing inspection by the related government authorities.

32. SHARE CAPITAL

	Number of shares	Share capital RMB'000
Ordinary shares of RMB1 each		
Registered, issued and fully paid		
At 1 January 2022, 31 December 2022, 31 December 2023 and 31 December 2024	<u>204,659,509</u>	<u>204,660</u>

Reserves of the Company:

Below table sets out the details of the reserves of the Company:

	Share premium <i>RMB'000</i>	Capital reserve <i>(note)</i> <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	112,713	171,137	8,125	73,255	365,230
Profit for the year	–	–	–	54,302	54,302
Transfer to statutory reserve	–	–	5,943	(5,943)	–
At 31 December 2022	112,713	171,137	14,068	121,614	419,532
Profit for the year	–	–	–	67,410	67,410
Transfer to statutory reserve	–	–	7,045	(7,045)	–
At 31 December 2023	112,713	171,137	21,113	181,979	486,942
Profit for the year	–	–	–	75,413	75,413
Transfer to statutory reserve	–	–	7,542	(7,542)	–
At 31 December 2024	<u>112,713</u>	<u>171,137</u>	<u>28,655</u>	<u>249,850</u>	<u>562,355</u>

Note: Capital reserve of the Company represents deemed contribution from certain shareholders of the Company, including (i) the difference between the aggregated net asset values of certain subsidiaries acquired under common control in 2016 and the aggregated consideration paid; and (ii) waiver of an amount due to the controlling shareholder of the Company of RMB2,502,000 during the year ended 31 December 2021.

33. CAPITAL COMMITMENTS**The Group**

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure contracted for but not provided for in the Historical Financial Information			
– Property, plant and equipment	<u>208,223</u>	<u>86,947</u>	<u>20,224</u>

34. RETIREMENT BENEFIT SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

A subsidiary in the U.S. maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the U.S.. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The employer's contributions are primarily based on the smaller of three percent of the employees' compensation and the half of the employees' contributions.

The total retirement benefits scheme contributions to those plans recognised as employee benefit charged to profit or loss and capitalised as inventories, amounting to RMB13,304,000, RMB12,761,000 and RMB18,735,000 for each of the three years ended 31 December 2022, 2023 and 2024, respectively, representing contributions paid to the retirement benefits scheme by the Group.

35. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group and the Company consists of net debts, which includes the borrowings and lease liabilities disclosed in Notes 28 and 29, respectively, net of bank balances and cash and total equity, mainly comprising issued share capital, share premium and retained profits.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	558,738	737,094	780,565
Trade receivables at FVTOCI	11,479	15,750	2,145
	<u>570,217</u>	<u>752,844</u>	<u>782,710</u>
Financial liabilities			
Amortised cost	<u>431,775</u>	<u>599,848</u>	<u>648,685</u>

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	<u>264,712</u>	<u>315,950</u>	<u>397,445</u>
Financial liabilities			
Amortised cost	<u>147,125</u>	<u>141,028</u>	<u>307,086</u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, trade receivables at FVTOCI, other receivables, pledged and restricted bank deposits, bank balances and cash, trade and bills payables, other payables and borrowings. The Company's major financial instruments include trade and bills receivables, other receivables, amounts due from subsidiaries, bank balances and cash, trade and bills payables, other payables, amounts due to subsidiaries and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk**(i) Currency risk**

The Group's and the Company's exposure to foreign currency risk related primarily to bank balances and cash, trade receivables, other receivables, trade payables, other payables and borrowings that are denominated in HK\$, US\$ and Great Britain Pound ("GBP").

The carrying amounts of the Group's and the Company's foreign currencies denominated monetary assets and liabilities at the end of each reporting period are as follows:

The Group

	Assets		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
US\$	274,407	244,629	299,856
HK\$	413	430	442
	<u>274,820</u>	<u>245,059</u>	<u>300,298</u>
	<u><u>274,820</u></u>	<u><u>245,059</u></u>	<u><u>300,298</u></u>
	Liabilities		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
US\$	19,302	7,059	11,369
GBP	1,384	2,019	–
	<u>20,686</u>	<u>9,078</u>	<u>11,369</u>
	<u><u>20,686</u></u>	<u><u>9,078</u></u>	<u><u>11,369</u></u>

The Company

	Assets		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
US\$	172,097	148,364	255,455
HK\$	2	2	2
	<u>172,099</u>	<u>148,366</u>	<u>255,457</u>
	<u><u>172,099</u></u>	<u><u>148,366</u></u>	<u><u>255,457</u></u>

The Group and the Company currently do not have a foreign exchange hedging policy. However, the management of the Group and the Company monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

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

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US\$	(10,037)	(9,114)	(11,943)

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US\$	(7,314)	(6,305)	(10,857)

During the Track Record Period, the currency exposure of RMB against HK\$ and GBP is immaterial, and accordingly, no sensitivity analysis is disclosed.

(ii) Interest risk

The Group and the Company are exposed to fair value interest rate risk in relation to pledged and restricted bank deposits (see Note 25), fixed-rate bank borrowings (see Note 28 for details of these borrowings) and lease liabilities (see Note 29 for details). The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 25 for details). Furthermore, the Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 28 for details). The cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances of the Group and the Company and LPR arising from the Group's borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by RMB256,000, RMB537,000 and RMB581,000 for the years ended 31 December, 2022, 2023 and 2024, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade and bills receivables, trade receivables at FVTOCI, pledged and restricted bank deposits, bank balances, other receivables and amounts due from subsidiaries. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers and trade receivables at FVTOCI

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by shipping destination is mainly in North America, which accounted for 76%, 74% and 79% of the total trade receivables as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 49%, 29% and 40% of the total trade receivables was due from the Group's largest customer as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 89%, 80% and 82% of the total trade receivables was due from the Group's five largest customers as at 31 December 2022, 2023 and 2024, respectively.

For trade receivables, the Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balances. Details of the quantitative disclosures are set out below in this note.

Bills receivables

Bills receivables were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them for the year ended 31 December 2022.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group and the Company provided impairment based on 12m ECL except for certain other receivables have been measured based on lifetime ECL with significant increase in credit risk or credit-impaired. Details of the quantitative disclosures are set out below in this note.

Pledged and restricted bank deposits/bank balances

Credit risk on pledged and restricted bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group and the Company assessed 12m ECL for pledged and restricted bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged and restricted bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

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

The Group

As at 31 December 2022

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
Debt instruments at FVTOCI					
Trade receivables at FVTOCI	<i>note ii</i>	12m ECL	1.11%	11,608	129
Financial assets at amortised cost					
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	381,560	–
Pledged and restricted bank deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	35,000	–
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.11%	130,505	149
		Lifetime ECL (credit-impaired)	50.27%	4,649	2,337
Bills receivables	<i>note i</i>	12m ECL	N/A	168	–
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	N/A	9,342	–
		Lifetime ECL (credit-impaired)	100.00%	7,026	7,026
				568,250	9,512

As at 31 December 2023

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
Debt instruments at FVTOCI					
Trade receivables at FVTOCI	<i>note ii</i>	12m ECL	1.99%	16,069	319
Financial assets at amortised cost					
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	548,338	–
Pledged and restricted bank deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	35,000	–
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.24%	146,447	354
		Lifetime ECL (credit-impaired)	100.00%	4,149	4,149
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	N/A	7,663	–
		Lifetime ECL (credit-impaired)	100.00%	7,315	7,315
				748,912	11,818

As at 31 December 2024

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
Debt instruments at FVTOCI					
Trade receivables at FVTOCI	<i>note ii</i>	12m ECL	0.05%	2,166	1
Financial assets at amortised cost					
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	474,154	–
Pledged and restricted bank deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	35,145	–
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.55%	236,936	1,296
		Lifetime ECL (credit-impaired)	100.00%	4,350	4,350
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	N/A	35,626	–
		Lifetime ECL (credit-impaired)	100.00%	7,355	7,355
				793,566	13,001

The Company

As at 31 December 2022

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
Financial assets at amortised cost					
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	26,332	–
Amounts due from subsidiaries	<i>note iii</i>	12m ECL	N/A	44,576	–
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.01%	189,424	11
		Lifetime ECL (credit-impaired)	49.97%	3,332	1,665
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	N/A	2,724	–
				<u>266,388</u>	<u>1,676</u>

As at 31 December 2023

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
Financial assets at amortised cost					
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	104,157	–
Amounts due from subsidiaries	<i>note iii</i>	12m ECL	N/A	75,330	–
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	N/A	133,698	–
		Lifetime ECL (credit-impaired)	100.00%	2,509	2,509
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	N/A	2,765	–
				<u>318,459</u>	<u>2,509</u>

As at 31 December 2024

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
Financial assets at amortised cost					
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	115,592	–
Amounts due from subsidiaries	<i>note iii</i>	12m ECL	N/A	32,966	–
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.002%	244,415	6
		Lifetime ECL (credit-impaired)	100.00%	1,564	1,564
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	N/A	4,478	–
				<u>399,015</u>	<u>1,570</u>

Notes:

- (i) The counterparties are reputable banks with high credit ratings and the risk of default on liquid funds is limited.
- (ii) For trade receivables, the Group and the Company applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for receivables from debtors with significant balances or credit-impaired, which are assessed individually, the Group and the Company determine the ECL on the remaining trade receivables on a collective basis using provision matrix, grouped by the ageing of the trade receivables. As part of the Group's credit risk management, the Group uses the ageing of the trade receivables to assess the impairment for its trade receivables in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group's trade receivables at amortised cost with significant balances or credit-impaired with gross carrying amounts of RMB109,287,000, RMB113,011,000 and RMB189,887,000 as at 31 December 2022, 2023 and 2024, respectively, were assessed individually. The remaining trade receivables are assessed based on provision matrix, and the impairment losses recognised were insignificant.

The estimated loss rates used in the provision matrix are estimated based on historical credit loss experience of debtors taking into consideration the historical default rates and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Company's trade receivables are mainly from the subsidiaries, as disclosed in Note 37. Both the receivables from subsidiaries and the trade receivables that are credit-impaired are assessed individually.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

The Group

	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January 2022	38	5	43
Transfer to credit-impaired	(3)	3	–
Impairment loss recognised	119	2,331	2,450
Write-off	–	(2)	(2)
Exchange adjustments	(5)	–	(5)
As at 31 December 2022	149	2,337	2,486
Transfer to credit-impaired	(59)	59	–
Impairment loss recognised	262	1,753	2,015
Exchange adjustments	2	–	2
As at 31 December 2023	354	4,149	4,503
Transfer to credit-impaired	(6)	6	–
Impairment loss recognised	948	195	1,143
As at 31 December 2024	1,296	4,350	5,646

The Company

	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January 2022	2	–	2
Impairment loss recognised	9	1,665	1,674
As at 31 December 2022	11	1,665	1,676
Transfer to credit-impaired	(11)	11	–
Impairment loss recognised	–	833	833
As at 31 December 2023	–	2,509	2,509
Impairment loss recognised (reversal)	6	(945)	(939)
As at 31 December 2024	6	1,564	1,570

- (iii) For the purposes of internal credit risk management, the ECL on other receivables of the Group and the Company, as well as the non-trade amounts due from subsidiaries of the Company, is assessed individually. All of the Group's impairment losses are for other receivables that are credit-impaired, which include the receivables from suppliers for litigation settlement as disclosed in Note 24.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintains a level of bank balances and cash deemed adequate by the management to finance the operations of the Group and the Company, and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings, if necessary.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of each reporting period.

The Group

	Weighted average effective interest rate %	On demand/ less than 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2022							
Borrowings	5.11	120,006	16,108	43,659	13,390	193,163	180,424
Trade and bills payables	–	208,797	–	–	–	208,797	208,797
Other payables	–	42,554	–	–	–	42,554	42,554
Lease liabilities	4.80	21,981	20,656	20,966	–	63,603	59,122
		<u>393,338</u>	<u>36,764</u>	<u>64,625</u>	<u>13,390</u>	<u>508,117</u>	<u>490,897</u>
As at 31 December 2023							
Borrowings	4.27	166,222	33,944	94,209	–	294,375	246,796
Trade and bills payables	–	274,630	–	–	–	274,630	274,630
Other payables	–	78,422	–	–	–	78,422	78,422
Lease liabilities	4.80	26,369	18,859	23,379	9,011	77,618	69,982
		<u>545,643</u>	<u>52,803</u>	<u>117,588</u>	<u>9,011</u>	<u>725,045</u>	<u>669,830</u>
As at 31 December 2024							
Borrowings	3.63	215,170	43,494	81,825	–	340,489	323,091
Trade and bills payables	–	292,474	–	–	–	292,474	292,474
Other payables	–	33,120	–	–	–	33,120	33,120
Lease liabilities	4.65	21,741	13,935	15,647	6,373	57,696	52,499
		<u>562,505</u>	<u>57,429</u>	<u>97,472</u>	<u>6,373</u>	<u>723,779</u>	<u>701,184</u>

The Company

	Weighted average effective interest rate %	On demand/ less than 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2022							
Borrowings	4.87	54,094	-	-	-	54,094	52,469
Trade and bills payables	-	67,252	-	-	-	67,252	67,252
Other payables	-	5,483	-	-	-	5,483	5,483
Amounts due to subsidiaries	-	21,921	-	-	-	21,921	21,921
Lease liabilities	4.80	70	-	-	-	70	70
		<u>148,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,820</u>	<u>147,195</u>
As at 31 December 2023							
Borrowings	4.37	39,632	-	-	-	39,632	38,378
Trade and bills payables	-	61,082	-	-	-	61,082	61,082
Other payables	-	4,496	-	-	-	4,496	4,496
Amounts due to subsidiaries	-	37,072	-	-	-	37,072	37,072
Lease liabilities	4.80	73	-	-	-	73	73
		<u>142,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,355</u>	<u>141,101</u>
As at 31 December 2024							
Borrowings	3.21	58,499	-	-	-	58,499	57,148
Trade and bills payables	-	68,681	-	-	-	68,681	68,681
Other payables	-	7,578	-	-	-	7,578	7,578
Amounts due to subsidiaries	-	173,679	-	-	-	173,679	173,679
Lease liabilities	4.80	73	-	-	-	73	73
		<u>308,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,510</u>	<u>307,159</u>

(c) Transfers of financial assets

The following shows the Group's financial assets that were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing (see Note 28).

	Trade receivables		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets	19,581	6,577	9,201
Carrying amount of associated liabilities	(13,875)	(4,867)	(6,532)
Net position	<u>5,706</u>	<u>1,710</u>	<u>2,669</u>

(d) Fair value measurements of financial instruments***Fair value of the Group's financial assets measured at fair value on a recurring basis***

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation technique and inputs used:

Financial assets	As at 31 December			Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input
	2022	2023	2024			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>			
Trade receivables at FVTOCI	11,479	15,750	2,145	Level 3	Discounted cash flow Risk-adjusted discount rate and cash flow are key inputs	Discount rate

A change in the unobservable input would not change the fair value of the relevant financial instrument significantly, no sensitivity analysis is disclosed.

Fair value of financial instruments that are recorded at amortised cost

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

Reconciliation of Level 3 fair value measurements

The following table presents the changes in level 3 financial instruments during the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At 1 January	25,123	11,479	15,750
Addition	316,665	428,200	364,329
Settlements	(330,182)	(423,739)	(378,232)
Fair value changes through OCI, net of ECL and reclassification adjustment to profit or loss	(127)	(190)	298
At 31 December	11,479	15,750	2,145

37. RELATED PARTY TRANSACTIONS

Saved for those disclosed in Note 28, during the Track Record Period, the Group and the Company entered into the following transactions/balances with the related parties:

(a) Related party balances*(i) Amounts due from subsidiaries***The Company**

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
X.J. Electrical Appliances Co., Ltd.* ("X.J. Electrical Appliances") 惠州市香江智能電器有限公司	44,000	74,000	32,466
X.J. Group (HK) Limited ("X.J. Group (HK)") 湖北香江電器(香港)股份有限公司	576	1,330	—
Aigrentrading Co., Ltd.* ("Aigrentrading") 湖北艾格麗經貿有限公司	—	—	500
	44,576	75,330	32,966

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

* For identification purpose only

(ii) Amounts due to subsidiaries

The Company

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
X. J. Electronics (Shenzhen) Co., Ltd.* ("X.J. Electronics (Shenzhen)") 遠特信電子(深圳)有限公司	21,921	37,072	50,473
X. J. Electrics (Shenzhen) Co., Ltd.* ("X.J. Electrics (Shenzhen)") 愛思傑電器(深圳)有限公司	—	—	49,995
Innovative (Jiangyin) Electronics Co., Ltd.* ("Innovative (Jiangyin)") 益諾威(江陰)電子有限公司	—	—	35,058
MeiNuoWei Electrics (HuiZhou) Co., Ltd.* ("MeiNuoWei Electrics") 惠州市美諾威電器有限公司	—	—	32,915
X.J. Group (HK)	—	—	5,007
Weighmax Group	—	—	90
PT Dingsheng Electrics Indonesia ("PT Dingsheng")	—	—	94
X.J. Electrics (Thailand) Co., Ltd.	—	—	47
	<u>21,921</u>	<u>37,072</u>	<u>173,679</u>

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

* For identification purpose only

(iii) *Trade receivables***The Company**

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
X.J. Group (HK)	170,856	120,089	206,876
THS Industrial Limited			
(“THS Industrial”)	–	1,762	24,721
X.J. Electronics (Shenzhen)	3,963	1,039	565
X.J. Electrics (Shenzhen)	8,423	4,576	4,137
Innovative (Jiangyin)	56	–	21
Aigrentrading	4,711	5,238	5,930
MeiNuoWei Electrics	220	323	180
HNW Electronics (Shenzhen) Co., Ltd.*			
(“HNW Electronics”)			
深圳市宏諾威電子有限公司	874	528	226
Shenzhen Nawu Technology Co., Ltd.*			
(“Nawu Technology”)			
深圳市納吾科技有限公司	131	131	131
PT Dingsheng	–	–	1,204
X.J. Electrical Appliances	–	–	37
	<u>189,234</u>	<u>133,686</u>	<u>244,028</u>

The amounts are in trade nature, unsecured, non-interest bearing and repayable on demand.

* *For identification purpose only*

(iv) *Contract liabilities***The Company**

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
THS Industrial	20,985	–	–
Innovative (Jiangyin)	–	2	–
	<u>20,985</u>	<u>2</u>	<u>–</u>

(b) Related party transactions

(i) Assignment of patents

During the Track Record Period, Mr. Pan Yun assigned three patents to the Company without consideration.

(ii) Leases

*Lease liabilities***The Group**

Name of related party	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mr. Pan Yun	66	240	446

*Interest on lease liabilities***The Group**

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mr. Pan Yun	7	15	31

(iii) Compensation of key management personnel

The remuneration of directors and supervisors of the Company during the Track Record Period is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, bonus and other allowances	5,878	6,030	6,290
Discretionary bonus	385	758	1,048
Retirement benefit scheme contributions	29	29	48
	6,292	6,817	7,386

The remuneration of directors and supervisors is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings	Lease liabilities	Accrued issue costs	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	249,276	18,332	–	267,608
Financing cash flows	(83,241)	(25,243)	–	(108,484)
New leases entered	–	63,528	–	63,528
Lease modified	–	(28)	–	(28)
Interest expenses	13,014	2,361	–	15,375
Exchange adjustments	1,375	172	–	1,547
As at 31 December 2022	180,424	59,122	–	239,546
Financing cash flows	50,422	(25,824)	–	24,598
New leases entered	–	34,121	–	34,121
Lease modified	–	(30)	–	(30)
Interest expenses	14,689	2,629	–	17,318
Exchange adjustments	1,261	(36)	–	1,225
As at 31 December 2023	246,796	69,982	–	316,778
Financing cash flows	44,887	(27,547)	(10,310)	7,030
New leases entered	–	7,298	–	7,298
Interest expenses	11,809	2,722	–	14,531
Non-cash transactions (<i>note</i>)	19,274	–	–	19,274
Deferred issue costs (<i>Note 24</i>)	–	–	15,085	15,085
Exchange adjustments	325	44	–	369
As at 31 December 2024	323,091	52,499	4,775	380,365

Note: The amount represents the drawdown of bank borrowings used for direct settlement of the Group's obligations to its suppliers, as agreed upon between the bank and the Group.

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments, at cost less impairment (<i>note</i>)	371,369	368,369	518,369

Note: The increase in investments in subsidiaries at 31 December 2024 was due to the further capital contribution to X.J. Electrical Appliances, a subsidiary of the Company, of RMB150,000,000 during the year ended 31 December 2024.

General information of subsidiaries

As at the date of approval of these consolidated financial statements, details of the subsidiaries directly and indirectly held by the Company are set out below:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued paid up/ registered capital	Proportion of ownership interest/ voting rights held by the Group as at 31 December			At date of approval of these consolidated financial statements	Principal activities
			2022	2023	2024		
<i>Directly owned</i>							
Innovative (Jiangyin) <i>(notes i, v & vi)</i>	The PRC 5 September 2000	RMB36,432,000	100%	100%	100%	100%	Manufacture, processing and sales of electronic devices
X.J. Electrics (Shenzhen) <i>(notes i, v & vii)</i>	The PRC 12 August 2002	RMB6,366,600	100%	100%	100%	100%	Research, design, production and sales of electro-thermic appliances and motor-driven appliances
Aigrentrading <i>(note iv)</i>	The PRC 26 April 2013	RMB8,000,000	100%	100%	100%	100%	Operation of online stores on e-commerce platforms
X.J. Electronics (Shenzhen) <i>(notes i, v & vii)</i>	The PRC 7 June 2004	RMB6,250,000	100%	100%	100%	100%	Research, design, production and sales of electro-thermic appliances and motor-driven appliances
MeiNuoWei Electrics <i>(notes i & vi)</i>	The PRC 9 March 2017	RMB20,000,000	100%	100%	100%	100%	Research, design, production and sales of electro-thermic appliances and motor-driven appliances
HNW Electronics <i>(note iv)</i>	The PRC 2 June 2020	RMB2,000,000	100%	100%	100%	100%	Manufacture and sale of lifestyle household goods
X.J. Electrical Appliances <i>(notes i, v & vii)</i>	The PRC 23 October 2020	RMB200,000,000	100%	100%	100%	100%	Production and sales of electro-thermic appliances and motor-driven appliances

Name of subsidiaries	Place and date of incorporation/ establishment	Issued paid up/ registered capital	Proportion of ownership interest/ voting rights held by the Group as at 31 December			At date of approval of these consolidated financial statements	Principal activities
			2022	2023	2024		
X.J. Group (HK) (notes ii & viii)	Hong Kong 30 June 2014	US\$1,290,000	100%	100%	100%	100%	Sales of our products to international customers
Weighmax Group (notes iii & vi)	The U.S. 30 March 2016	US\$1,000,000	100%	100%	100%	100%	Sales of lifestyle household goods
<i>Indirectly owned</i>							
Shenzhen Nuocheng Electronic Commerce Co. Ltd.* 深圳市諾誠電子商務有限公司 (note iv)	The PRC 20 January 2020	RMB500,000	100%	100%	100%	100%	Operation of online stores on e-commerce platforms
Nawu Technology (note iv)	The PRC 22 January 2020	RMB500,000	100%	100%	100%	100%	Operation of online stores on e-commerce platforms
THS Industrial (notes ii & viii)	Hong Kong 26 June 2017	HK\$10,000	100%	100%	100%	100%	Sales of our products to international customers
Goodlife Global Imports Inc (note iv)	The U.S. 19 November 2021	US\$50,000	100%	100%	100%	100%	Sales of lifestyle household goods
PT Dingsheng (note iv)	Indonesia 8 August 2023	Rp10,000,000,000	N/A	100%	100%	100%	Manufacture and sale of lifestyle household goods
X.J. Electrics (Thailand) Co., Ltd. (note iv)	Thailand 23 April 2024	THB100,000,000	N/A	N/A	100%	100%	Manufacture and sale of lifestyle household goods

* For identification purpose only

Notes:

- (i) The statutory financial statements of the subsidiaries for the year ended 31 December 2022 prepared in accordance with the relevant accounting principles in the PRC were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) which was the certified public accountants registered in the PRC.
- (ii) The statutory financial statements of the subsidiaries prepared in accordance with Hong Kong Financial Reporting Standards were audited by Huang Tak Wai Certified Public Accountant (Practising) which was the certified public accountants registered in the Hong Kong for the years ended 31 December 2022 and 2023.
- (iii) The statutory financial statements of the subsidiaries for the years ended 31 December 2022 and 2023 prepared in accordance with relevant accounting principles generally accepted in the U.S. were audited by Cheung & Chu, CPA and Spectrum Accountancy Corp., certified public accountants registered in the U.S..
- (iv) No statutory financial statements have been prepared for these entities since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.
- (v) The statutory financial statements of the subsidiaries for the year ended 31 December 2023 prepared in accordance with the relevant accounting principles in the PRC were audited by Shenzhen Yuehua Certified Public Accountants LP (深圳岳華會計師事務所(普通合夥)) which was the certified public accountants registered in the PRC.
- (vi) No statutory financial statements for the year ended 31 December 2024 have been prepared for these entities as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.
- (vii) The statutory financial statements of the subsidiaries for the year ended 31 December 2024 prepared in accordance with the relevant accounting principles in the PRC were audited by Shenzhen Yuehua Certified Public Accountants LP (深圳岳華會計師事務所(普通合夥)) which was the certified public accountants registered in the PRC.
- (viii) At the date of approval of these consolidated financial statements, the statutory financial statements of these entities for the year ended 31 December 2024 are not yet issued.

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

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

40. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the Track Record Period, the U.S. government has raised and adjusted tariff imposed on imports from China. In addition to China, the U.S. government also imposed tariffs in a global context, including on imports from Thailand and Indonesia, where the Group operates. These events are considered non-adjusting subsequent events. Accordingly, the Historical Financial Information for the Track Record Period has not been adjusted. Given the unpredictability of the development of Sino-U.S. and the global trade tensions, the management of the Group is continuing to assess the impact of the above events on the financial position and results of the Group for future periods.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2024.