

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEBEI HAIWEI ELECTRONIC NEW MATERIAL TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Hebei Haiwei Electronic New Material Technology Co., Ltd. (河北海偉電子新材料科技股份有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 3 to 69, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 31 May 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 May 2025, 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 and the five months ended 31 May 2025 (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 3 to 69 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 November 2025 (the “**Prospectus**”) in connection with the initial listing of H-shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (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 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024 and 31 May 2025, of the Company's financial position as at 31 December 2022, 2023 and 2024 and 31 May 2025 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 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.



Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 November 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 issued by International Accounting Standards Board (“**IASB**”) and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board (the “**Underlying Financial Statements**”).

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
NOTES		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	6	327,076	329,545	421,695	162,238	157,119
Cost of sales		(180,228)	(226,655)	(296,623)	(117,004)	(101,389)
Gross profit		146,848	102,890	125,072	45,234	55,730
Other income	7	14,469	12,775	8,625	4,465	3,501
Impairment losses reversed (recognised) under expected credit loss (“ECL”) model, net	35b	2,281	(3,763)	116	700	(871)
Other gains and losses	8	6	(663)	1,472	(495)	(866)
Distribution and selling expenses		(2,255)	(2,574)	(3,299)	(1,606)	(1,398)
Administrative expenses		(6,868)	(10,459)	(13,420)	(4,748)	(5,386)
Research and development expenses		(11,209)	(14,403)	(16,800)	(5,090)	(7,265)
Listing expenses		–	–	(6,133)	–	(6,214)
Finance costs	9	(22,700)	(5,511)	(2,405)	(1,137)	(916)
Profit before tax		120,572	78,292	93,228	37,323	36,315
Income tax expense	10	(18,565)	(8,466)	(6,810)	(4,467)	(4,956)
Profit and total comprehensive income for the year/period	11	<u>102,007</u>	<u>69,826</u>	<u>86,418</u>	<u>32,856</u>	<u>31,359</u>
Profit (loss) and total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		102,007	70,902	89,884	34,570	32,368
Non-controlling interests		<u>–</u>	<u>(1,076)</u>	<u>(3,466)</u>	<u>(1,714)</u>	<u>(1,009)</u>
		<u>102,007</u>	<u>69,826</u>	<u>86,418</u>	<u>32,856</u>	<u>31,359</u>
Earnings per share						
– Basic (RMB)	15	<u>1.05</u>	<u>0.62</u>	<u>0.73</u>	<u>0.28</u>	<u>0.26</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 May
	NOTES	2022	2023	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000
Non-current assets					
Property, plant and equipment	16	154,388	148,402	144,529	140,025
Right-of-use assets	17	5,829	5,151	5,992	5,688
Deposits paid for acquisition of plant and equipment		–	13,982	56,560	75,487
Deferred tax assets	18	15,332	6,866	3,644	2,470
		175,549	174,401	210,725	223,670
Current assets					
Inventories	19	100,175	73,541	69,292	99,568
Trade, bills and other receivables	20	258,869	278,534	337,035	353,140
Amounts due from related parties	30	3,002	4,653	8,238	3,076
Restricted bank deposits	22	21,000	–	–	–
Cash and cash equivalents	22	4,801	208,994	137,288	155,110
		387,847	565,722	551,853	610,894
Current liabilities					
Trade, bills and other payables	23	105,374	43,465	52,415	44,249
Amounts due to related parties	30	123,066	4,532	3,218	3,253
Financial guarantee liabilities	26	9,325	4,616	655	1,541
Lease liabilities	25	465	490	534	561
Bank borrowings	24	78,918	84,700	15,000	67,000
Tax liabilities		–	–	3,555	229
		317,148	137,803	75,377	116,833
Net current assets		70,699	427,919	476,476	494,061
Total assets less current liabilities		246,248	602,320	687,201	717,731
Non-current liability					
Lease liabilities	25	490	–	1,182	968
Net assets		245,758	602,320	686,019	716,763
Capital and reserves					
Share capital	27	97,020	123,712	123,712	123,712
Reserves		138,938	469,884	557,049	587,332
Equity attributable to owners of the Company		235,958	593,596	680,761	711,044
Non-controlling interests	31	9,800	8,724	5,258	5,719
Total equity		245,758	602,320	686,019	716,763

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 31 May
	NOTES	2022	2023	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000
Non-current assets					
Investments in subsidiaries	31	10,200	10,200	20,200	21,730
Property, plant and equipment	16	139,759	135,516	133,848	130,073
Right-of-use assets	17	5,242	4,858	5,047	4,911
Deposits paid for acquisition of plant and equipment		–	13,982	56,560	75,487
Deferred tax assets	18	15,062	5,302	1,863	2,014
		<u>170,263</u>	<u>169,858</u>	<u>217,518</u>	<u>234,215</u>
Current assets					
Inventories	19	91,691	64,290	64,353	89,552
Trade, bills and other receivables	20	195,317	203,138	277,502	304,932
Amounts due from subsidiaries	30	40,374	265,856	166,405	178,880
Amounts due from related parties	30	576	2,153	5,739	576
Restricted bank deposits	22	21,000	–	–	–
Cash and cash equivalents	22	490	12	21	922
		<u>349,448</u>	<u>535,449</u>	<u>514,020</u>	<u>574,862</u>
Current liabilities					
Trade, bills and other payables	23	85,153	20,270	24,897	23,353
Amount due to a subsidiary	30	–	87	–	–
Amounts due to related parties	30	119,813	906	–	–
Financial guarantee liabilities	26	9,325	4,616	655	1,541
Lease liabilities	25	158	167	135	155
Bank borrowings	24	69,137	84,700	15,000	67,000
Tax liabilities		–	–	3,555	229
		<u>283,586</u>	<u>110,746</u>	<u>44,242</u>	<u>92,278</u>
Net current assets		<u>65,862</u>	<u>424,703</u>	<u>469,778</u>	<u>482,584</u>
Total assets less current liabilities		<u>236,125</u>	<u>594,561</u>	<u>687,296</u>	<u>716,799</u>
Non-current liability					
Lease liabilities	25	167	–	592	583
Net assets		<u>235,958</u>	<u>594,561</u>	<u>686,704</u>	<u>716,216</u>
Capital and reserves					
Share capital	27	97,020	123,712	123,712	123,712
Reserves	38	138,938	470,849	562,992	592,504
Total equity		<u>235,958</u>	<u>594,561</u>	<u>686,704</u>	<u>716,216</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Capital reserve	Statutory surplus reserve	Other reserve	(Accumulated losses) retained profits	Subtotal	Non-controlling interests	Total
	RMB '000	RMB '000	RMB '000 (note a)	RMB '000 (note b)	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2022	60,000	90,000	6,221	(13,610)	(367,343)	(224,732)	–	(224,732)
Profit and total comprehensive income for the year	–	–	–	–	102,007	102,007	–	102,007
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(11,517)	–	(11,517)	–	(11,517)
Issue of shares (Note 27)	37,020	333,180	–	–	–	370,200	–	370,200
Conversion into a joint stock limited liability company (note c)	–	(311,292)	(6,221)	–	317,513	–	–	–
Transfer to statutory surplus reserve	–	–	5,218	–	(5,218)	–	–	–
Acquisition of a subsidiary (Note 32)	–	–	–	–	–	–	9,800	9,800
At 31 December 2022	97,020	111,888	5,218	(25,127)	46,959	235,958	9,800	245,758
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	70,902	70,902	(1,076)	69,826
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(3,514)	–	(3,514)	–	(3,514)
Transfer to statutory surplus reserve	–	–	7,187	–	(7,187)	–	–	–
Issue of shares (Note 27)	26,692	263,558	–	–	–	290,250	–	290,250
At 31 December 2023	123,712	375,446	12,405	(28,641)	110,674	593,596	8,724	602,320
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	89,884	89,884	(3,466)	86,418
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(2,719)	–	(2,719)	–	(2,719)
Transfer to statutory surplus reserve	–	–	9,486	–	(9,486)	–	–	–
At 31 December 2024	123,712	375,446	21,891	(31,360)	191,072	680,761	5,258	686,019

Attributable to owners of the Company

	Share capital	Capital reserve	Statutory surplus reserve	Other reserve	(Accumulated losses) retained profits	Subtotal	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	32,368	32,368	(1,009)	31,359
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(2,085)	–	(2,085)	–	(2,085)
Capital injection by non-controlling interests	–	–	–	–	–	–	1,470	1,470
At 31 May 2025	123,712	375,446	21,891	(33,445)	223,440	711,044	5,719	716,763
For the five months ended 31 May 2024 (unaudited)								
At 1 January 2024	123,712	375,446	12,405	(28,641)	110,674	593,596	8,724	602,320
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	34,570	34,570	(1,714)	32,856
Deemed distributions arising from issue of financial guarantees to related parties (note b)	–	–	–	(2,719)	–	(2,719)	–	(2,719)
At 31 May 2024	123,712	375,446	12,405	(31,360)	145,244	625,447	7,010	632,457

Notes:

- (a) It represents the statutory reserve of certain entities comprising the Group in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC entities comprising the Group 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 entities comprising the Group.
- (b) As at 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has provided guarantees to related parties for their bank borrowings amounting to RMB2,050,000,000, RMB563,000,000, RMB198,000,000 and RMB198,000,000, respectively. Such financial guarantees were measured at fair values at initial recognition with reference to the default rates and recovery rates published by a credit rating agency and the maximum exposure of the related parties' credit facilities to the Group at the time of recognising the financial guarantee liabilities. The fair values of financial guarantee liabilities at initial recognition were charged to equity as deemed distribution under other reserve, and the financial guarantee liabilities were subsequently measured at the higher of: (i) the amount of the loss allowance determined in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised. Details of the financial guarantees are set out in Note 26.
- (c) Pursuant to the directors' resolutions on 16 December 2022 and the promoters' agreement dated 21 December 2022, the then existing shareholders of the Company agreed to convert the Company into a joint stock limited liability company with a share capital of RMB97,020,000. Pursuant to the promoters' agreement, the net asset value of the Company as of 31 October 2022 amounted to approximately RMB208,908,000, of which (i) RMB97,020,000 was converted into 97,020,000 shares of RMB1.0 par value each, which were subscribed by and issued to the then shareholders of the Company in proportion to their respective equity interest in the Company; and (ii) the remaining amount of approximately RMB111,888,000 was converted into capital reserve of the Company. Upon the completion of registration with the Hengshui Administrative Approval Bureau (衡水市行政審批局) on 11 January 2023, the Company was converted into a joint stock company with limited liability.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(unaudited)	
OPERATING ACTIVITIES					
Profit before tax	120,572	78,292	93,228	37,323	36,315
Adjustments for:					
Depreciation of property, plant and equipment	15,465	18,261	24,803	12,238	9,062
Depreciation of right-of-use assets	385	678	946	488	304
Impairment losses (reversed) recognised under ECL, net	(2,281)	3,763	(116)	(700)	871
Write-down of inventories	278	332	421	394	50
Gain on disposal of a subsidiary (<i>Note 33</i>)	–	–	(2,430)	–	–
Interest income	(1,348)	(1,692)	(1,702)	(456)	(193)
Finance costs	22,700	5,511	2,405	1,137	916
Financial guarantee income from related parties	(10,821)	(8,223)	(6,680)	(3,991)	(1,199)
Gain on fair value change of financial assets at fair value through profit or loss (“FVTPL”)	–	–	(275)	–	–
Operating cash flows before movements in working capital	144,950	96,922	110,600	46,433	46,126
(Increase) decrease in inventories	(31,238)	26,302	3,828	(8,977)	(30,326)
Decrease (increase) in trade, bills and other receivables	55,054	(51,568)	(86,545)	(10,185)	(51,265)
Decrease in restricted bank deposits	–	21,000	–	–	–
(Decrease) increase in trade, bills and other payables	(56,693)	(61,842)	(9,311)	750	6,728
Decrease (increase) in amounts due from related parties	1,400	(74)	–	–	–
Increase (decrease) in amounts due to related parties	118,642	(120,111)	(1,314)	1,009	35
Cash from (used in) operation	232,115	(89,371)	17,258	29,030	(28,702)
Income tax paid	–	–	(33)	(19)	(7,108)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	232,115	(89,371)	17,225	29,011	(35,810)

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(unaudited)	
INVESTING ACTIVITIES					
Interest received	1,348	1,692	1,702	456	193
Net cash inflow on acquisition of a subsidiary (Note 32)	99	–	–	–	–
Net cash (outflow) inflow on disposal of a subsidiary (Note 33)	–	–	(1)	–	3,480
Payments for purchase of property, plant and equipment	(33,276)	(25,101)	(18,080)	(14,513)	(3,192)
Purchase of financial assets at FVTPL	–	–	(20,000)	–	–
Proceeds from disposal of financial assets at FVTPL	–	–	20,275	–	–
Repayments from related parties	–	–	–	–	1,682
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(31,829)	(23,409)	(16,104)	(14,057)	2,163
FINANCING ACTIVITIES					
Proceeds from issue of shares	95,080	290,250	–	–	–
Capital injection by non-controlling interests	–	–	–	–	1,470
Repayment to related parties	(572,305)	–	–	–	–
Advance from related parties	265,390	–	–	–	–
Repayment of lease liabilities	(150)	(465)	(716)	(352)	(187)
Interest paid	(3,738)	(5,511)	(2,405)	(1,137)	(916)
New bank borrowings raised	94,194	81,699	769	–	52,000
Repayments of bank borrowings	(74,000)	(49,000)	(69,700)	(49,000)	–
Payment of share issue costs	–	–	(775)	–	(898)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(195,529)	316,973	(72,827)	(50,489)	51,469
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,757	204,193	(71,706)	(35,535)	17,822
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	44	4,801	208,994	208,994	137,288
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, REPRESENTED BY BANK BALANCE	4,801	208,994	137,288	173,459	155,110

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered in the PRC on 6 September 2006 as a limited liability company. In December 2022, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. The respective addresses of the registered office and principal place of business of the Company are stated in the section headed “Corporate Information” of the Prospectus. Its ultimate controlling shareholder is Mr. Song Wenlan (宋文蘭) (“**Mr. Song**”), who is the chairman of the Board of Directors and an executive director of the Company.

The Group is principally engaged in the research and development, manufacturing and sales of capacitor films products.

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

2. APPLICATION OF AMENDMENTS TO 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, International Accounting Standards (“**IASs**”), amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting period beginning on 1 January 2025 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 ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
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 Improvement to IFRS Accounting Standards—Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

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

² Effective for the annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard 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. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements (including aggregation and disaggregation of items within statement of financial position and statement of comprehensive income) of the Group, but in terms of recognition and measurement, IFRS 18 is not expected to have significant impact on the financial performance and positions of the Group.

Except as described above, the directors of the Company (the “**Directors**”) anticipate that the application of the other amendments to IFRS Accounting Standards will have no material impact on the financial position and performance of the Group in the foreseeable future.

3. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance 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 (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the entities now comprising the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation. When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* ("**IAS 12**") and IAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Investments in subsidiaries

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Leases

Definition of a lease

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

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

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.

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

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 if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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 exchanges 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 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred as the Group does not have any qualifying asset.

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 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”.

Employment benefits

Retirement benefits costs

Payments to the defined contribution retirement benefit schemes 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 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 tax currently payable and deferred tax.

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 the 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 profits will be available against which those deductible temporary differences can be utilized. 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

The Group applies IAS 12 to the 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.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for rental, use in provision of services, or for administrative purposes. 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.

Depreciation is recognised so as to write off the cost of assets 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 on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on 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.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets 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).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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.

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* (“IFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added 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 or financial liabilities 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 Track Record 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 fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). 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.

Financial assets 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 is included in the “other gains and losses” line item.

Impairment of financial assets and financial guarantee contracts subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets and financial guarantee contracts 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. Assessments are done based on the Group’s historical credit loss experience, adjusted for 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.

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

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.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

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).

The Group rebuts the presumption of the significantly increase in credit risk for trade receivables over 30 days past due based on the strong financial position with good repayment records of those customers and continuous business relationship with the Group.

(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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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;
or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(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, adjusted for 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 all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9, and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

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 receivables where the corresponding adjustment is recognised through a loss allowance account.

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.

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.

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 substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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 is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Deferred tax asset

As at 31 December 2022, 2023 and 2024 and 31 May 2025, a deferred tax asset of RMB13,454,000, RMB4,371,000, RMB1,281,000 and nil in relation to unused tax losses has been recognised in the consolidated statements of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Provision of ECL for trade receivables

Trade receivables with credit-impaired are assessed for ECL individually.

In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

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 35.

6. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(unaudited)	
Sales of capacitor films products					
Capacitor base films	300,630	236,528	307,194	116,396	123,392
Metallized films	–	70,983	85,218	36,277	21,464
Others	26,446	22,034	29,283	9,565	12,263
	<u>327,076</u>	<u>329,545</u>	<u>421,695</u>	<u>162,238</u>	<u>157,119</u>

All of the Group's revenue are recognised at a point in time.

Performance obligations for contracts with customers

Revenue arising from sales of capacitor films products is recognised at a point in time when the goods are accepted by the customers after delivery to the customers' premises. The Group generally grants credit period from 30 to 180 days to its customers and the Group accepts trade receivables settled by bills.

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

All contracts with customers are for period of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment Information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical location of customers is based on the location at which the goods delivered. The revenue of the Group is all derived from customers in the PRC during the Track Record Period.

The Group's non-current assets are located within the PRC. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in case of other non-current assets.

Information about major customers

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	—	40,336	N/A*	24,832	17,293
Customer B	N/A*	33,839	N/A*	17,307	18,854
Customer C	56,636	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	N/A*	N/A*	N/A*	17,060

* The corresponding revenue contributed to the total revenue of the Group is less than 10%.

7. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Bank interest income	1,348	1,692	1,702	456	193
Government subsidies (note)	2,300	2,860	243	18	2,109
Financial guarantee income from related parties (Note 26)	10,821	8,223	6,680	3,991	1,199
	14,469	12,775	8,625	4,465	3,501

Note: Government subsidies mainly represent industry-specific subsidies granted by the government authorities with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net foreign exchange losses	–	(681)	(777)	(546)	(922)
Gain on disposal of a subsidiary (Note 33)	–	–	2,430	–	–
Gain on fair value change of financial assets at FVTPL	–	–	275	–	–
Others	6	18	(456)	51	56
	<u>6</u>	<u>(663)</u>	<u>1,472</u>	<u>(495)</u>	<u>(866)</u>

9. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expenses on bank borrowings	3,206	4,882	2,354	1,112	889
Discounting charges on bills receivables	506	577	1	–	–
Interest expenses on amount due to a related party (Note 30(b))	18,962	–	–	–	–
Interest expenses on lease liabilities	26	52	50	25	27
	<u>22,700</u>	<u>5,511</u>	<u>2,405</u>	<u>1,137</u>	<u>916</u>

10. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax:					
PRC Enterprise Income Tax (“EIT”)	–	–	3,588	1,219	3,782
Deferred tax (Note 18)	18,565	8,466	3,222	3,248	1,174
	<u>18,565</u>	<u>8,466</u>	<u>6,810</u>	<u>4,467</u>	<u>4,956</u>

Under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period, except for disclosed below.

The Company and its subsidiary, Anhui Ningguo Haiwei Electronics Co., Ltd (寧國市海偉電子有限公司) (“**Ningguo Haiwei**”) have been recognised as the High New Technology Enterprise from November 2021 to November 2027. According to the “EIT Law” for High New Technology Enterprises, these companies are subject to a reduced EIT rate of 15% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year (“**Super Deduction**”).

The income tax expense 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			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before tax	120,572	78,292	93,228	37,323	36,315
Tax at EIT rate of 25%	30,143	19,573	23,307	9,331	9,079
Tax effect of expenses not deductible for tax purpose	2,830	5	62	26	32
Tax effect of income not taxable for tax purpose	(1,623)	(1,275)	(1,009)	(473)	(182)
Tax effect of Super Deduction	(728)	(2,023)	(2,520)	(1,204)	(1,541)
Tax effect of tax concession	(12,057)	(7,814)	(9,338)	(3,747)	(3,475)
Tax effect of tax losses not recognised	–	–	1,797	1,272	792
Utilisation of tax losses previously not recognised	–	–	(6,789)	(1,925)	–
Others	–	–	1,300	1,187	251
Income tax expense for the year/period	18,565	8,466	6,810	4,467	4,956

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Auditor's remuneration	400	400	449	17	9
Depreciation of property, plant and equipment	15,465	18,261	24,803	12,238	9,062
Depreciation of right-of-use assets	385	678	946	488	304
Cost of inventories recognised as an expense	179,950	226,323	296,202	116,610	101,339
Write-down of inventories (included in cost of sales)	278	332	421	394	50
Listing expense	–	–	6,133	–	6,214
Other staff costs:					
Directors' and supervisors' emoluments (Note 12)	268	1,399	1,392	534	589
Salaries, allowances and other benefits in kind	10,059	13,711	17,143	6,184	7,690
Retirement benefit scheme contributions	275	1,311	1,848	470	587
	<u>10,602</u>	<u>16,421</u>	<u>20,383</u>	<u>7,188</u>	<u>8,866</u>

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

During the Track Record Period, directors' and chief executive's remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

		Year ended 31 December 2022			
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Retirement benefit scheme contributions	Total
		RMB '000	RMB '000	RMB '000	RMB '000
Executive director:					
Mr. Song	6 September 2006	—	267	1	268
Supervisor:					
Song Junqing (宋俊青) (note a)	20 June 2014	—	—	—	—
Total		—	267	1	268

Year ended 31 December 2023							
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total	
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
Executive directors:							
	Mr. Song Cao Chaozhi (曹朝志)	6 September 2006	–	300	–	11	311
	(“Mr. Cao”) (note b)	6 January 2023	–	76	200	11	287
	Sheng Zhixuan (盛智宣)	6 January 2023	–	292	–	–	292
	Liu Qingbin (劉慶彬)	6 January 2023	–	70	–	11	81
Non-executive directors:							
	Song Junqing (note a)	6 January 2023	30	–	–	–	30
	Zhong Ying (鍾穎)	30 June 2023	–	–	–	–	–
Supervisors:							
	Liu Baoxing (劉寶興)	6 January 2023	–	247	–	11	258
	Yue Chunlei (岳春雷)	6 January 2023	–	61	–	11	72
	Song Wenlian (宋文連) (note c)	6 January 2023	–	57	–	11	68
	Total		30	1,103	200	66	1,399

		Year ended 31 December 2024				
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Executive directors:						
Mr. Song	6 September 2006	—	301	—	15	316
Mr. Cao	6 January 2023	—	76	200	15	291
Sheng Zhixuan	6 January 2023	—	275	—	1	276
Liu Qingbin	6 January 2023	—	69	—	15	84
Non-executive director:						
Zhong Ying	30 June 2023	—	—	—	—	—
Supervisors:						
Liu Baoxing	6 January 2023	—	201	—	15	216
Yue Chunlei	6 January 2023	—	67	—	15	82
Song Wenlian (note c)	6 January 2023	—	63	—	15	78
Zhang Yanming	9 June 2024	—	34	—	15	49
Total		—	1,086	200	106	1,392

Five months ended 31 May 2024 (unaudited)						
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Executive directors:						
Mr. Song	6 September 2006	—	125	—	6	131
Mr. Cao	6 January 2023	—	32	83	6	121
Sheng Zhixuan	6 January 2023	—	109	—	—	109
Liu Qingbin	6 January 2023	—	29	—	6	35
Non-executive director:						
Zhong Ying	30 June 2023	—	—	—	—	—
Supervisors:						
Liu Baoxing	6 January 2023	—	69	—	6	75
Yue Chunlei	6 January 2023	—	26	—	6	32
Song Wenlian (note c)	6 January 2023	—	25	—	6	31
Total		—	415	83	36	534

		Five months ended 31 May 2025				
	Date of appointment as director/supervisor	Fees	Salaries, allowances and benefit in kind	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Executive directors:						
Mr. Song	6 September 2006	—	125	—	6	131
Mr. Cao	6 January 2023	—	32	83	6	121
Sheng Zhixuan	6 January 2023	—	110	—	—	110
Liu Qingbin	6 January 2023	—	29	—	6	35
Non-executive director:						
Zhong Ying	30 June 2023	—	—	—	—	—
Supervisors:						
Liu Baoxing	6 January 2023	—	87	45	6	138
Yue Chunlei	6 January 2023	—	28	—	6	34
Zhang Yanming	9 June 2024	—	14	—	6	20
Total		—	425	128	36	589

Notes:

- Mr. Song Junqing resigned as supervisor in December 2022 and resigned as non-executive director in May 2023.
- Mr. Cao is the Chief Executive Officer of the Company.
- Ms. Song Wenlian resigned as supervisor in June 2024.

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

The non-executive directors' emoluments shown above were for their services as the directors of the Company during the Track Record Period.

During the Track Record Period, there was no arrangement under which a director or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group for the year ended 31 December 2022 included 1 executive director, for the year ended 31 December 2023 included 3 executive directors and 1 supervisor, for the year ended 31 December 2024 included 2 executive directors, for the five months ended 31 May 2024 included 3 (unaudited) executive directors, for the five months ended 31 May 2025 included 1 executive director and 1 supervisor, details of whose remuneration are set out in Note 12 above. The emoluments of the remaining 4, 1, 3, 2 (unaudited) and 3 highest paid employees of the Group for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025, respectively, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	811	356	1,148	271	457
Performance related bonuses	200	–	–	–	250
Retirement benefit scheme contributions	14	–	30	6	13
	1,025	356	1,178	277	720

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	No. of Individuals	No. of individuals	No. of individuals	No. of individuals	No. of individuals
				(unaudited)	
Nil to Hong Kong Dollars 1,000,000	4	1	3	2	3

During the Track Report Period, no emoluments were paid by the Group to the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for each of the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, nor has any dividend been proposed since the end of the Track Report Period.

15. EARNINGS PER SHARE

The calculation of basic earnings per share during the Track Record Period is based on the profit attributable to ordinary equity shareholders of the Company and the weighted-average number of ordinary shares in issue or deemed to be in issue for the respective years/periods.

The Company converted into a joint stock company with limited liability and issued 97,020,000 shares with the par value of RMB1 each in December 2022. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred on 1 January 2022.

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

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				(unaudited)	
Earnings for the purpose of calculating basic earnings per share (profit for the year/period attributable to owners of the Company)	RMB102,007	RMB70,902	RMB89,884	RMB34,570	RMB32,368
Number of shares:					
Weighted average number of ordinary shares for the purpose of basic earnings per share	97,020	114,741	123,712	123,712	123,712

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant, Machinery and Equipment	Furniture, fixtures, office and electronic equipment	Motor vehicles	Construction in progress	Leasehold improvement	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
COST							
At 1 January 2022	32,104	272,198	2,024	281	–	–	306,607
Additions	–	828	91	–	38,722	289	39,930
Acquired on acquisition of a subsidiary (Note 32)	–	14,427	71	131	–	–	14,629
At 31 December 2022	32,104	287,453	2,186	412	38,722	289	361,166
Additions	–	–	106	839	11,330	–	12,275
Transfer	–	45,663	–	–	(45,663)	–	–
At 31 December 2023	32,104	333,116	2,292	1,251	4,389	289	373,441
Additions	5,731	3,526	299	174	11,947	–	21,677
Transfer	180	16,108	48	–	(16,336)	–	–
Disposal of a subsidiary (Note 33)	(1,688)	–	–	–	–	–	(1,688)
At 31 December 2024	36,327	352,750	2,639	1,425	–	289	393,430
Additions	–	2,705	83	–	1,770	–	4,558
At 31 May 2025	36,327	355,455	2,722	1,425	1,770	289	397,988
DEPRECIATION							
At 1 January 2022	(14,846)	(174,419)	(1,781)	(267)	–	–	(191,313)
Provided for the year	(1,525)	(13,842)	(84)	–	–	(14)	(15,465)
At 31 December 2022	(16,371)	(188,261)	(1,865)	(267)	–	(14)	(206,778)
Provided for the year	(1,519)	(16,475)	(128)	(84)	–	(55)	(18,261)
At 31 December 2023	(17,890)	(204,736)	(1,993)	(351)	–	(69)	(225,039)
Provided for the year	(1,628)	(22,802)	(149)	(169)	–	(55)	(24,803)
Eliminated on disposal of a subsidiary	941	–	–	–	–	–	941
At 31 December 2024	(18,577)	(227,538)	(2,142)	(520)	–	(124)	(248,901)
Provided for the period	(738)	(8,136)	(110)	(55)	–	(23)	(9,062)
At 31 May 2025	(19,315)	(235,674)	(2,252)	(575)	–	(147)	(257,963)
CARRYING VALUE							
At 31 December 2022	15,733	99,192	321	145	38,722	275	154,388
At 31 December 2023	14,214	128,380	299	900	4,389	220	148,402
At 31 December 2024	17,750	125,212	497	905	–	165	144,529
At 31 May 2025	17,012	119,781	470	850	1,770	142	140,025

The Company

	Buildings	Plant, Machinery and Equipment	Furniture, fixtures, office and electronic equipment	Motor vehicles	Construction in progress	Leasehold improvement	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
COST							
At 1 January 2022	32,104	272,198	2,024	281	–	–	306,607
Additions	–	828	91	–	38,722	289	39,930
At 31 December 2022	32,104	273,026	2,115	281	38,722	289	346,537
Additions	–	–	95	838	11,330	–	12,263
Transfer	–	45,663	–	–	(45,663)	–	–
At 31 December 2023	32,104	318,689	2,210	1,119	4,389	289	358,800
Additions	5,731	3,526	299	174	11,947	–	21,677
Transfer	180	16,108	48	–	(16,336)	–	–
Disposals	(1,688)	–	–	–	–	–	(1,688)
At 31 December 2024	36,327	338,323	2,557	1,293	–	289	378,789
Additions	–	2,705	72	–	1,770	–	4,547
At 31 May 2025	36,327	341,028	2,629	1,293	1,770	289	383,336
DEPRECIATION							
At 1 January 2022	(14,846)	(174,419)	(1,781)	(267)	–	–	(191,313)
Provided for the year	(1,525)	(13,842)	(84)	–	–	(14)	(15,465)
At 31 December 2022	(16,371)	(188,261)	(1,865)	(267)	–	(14)	(206,778)
Provided for the year	(1,519)	(14,838)	(74)	(20)	–	(55)	(16,506)
At 31 December 2023	(17,890)	(203,099)	(1,939)	(287)	–	(69)	(223,284)
Provided for the year	(1,628)	(20,721)	(79)	(115)	–	(55)	(22,598)
Eliminated on disposals	941	–	–	–	–	–	941
At 31 December 2024	(18,577)	(223,820)	(2,018)	(402)	–	(124)	(244,941)
Provided for the period	(738)	(7,424)	(82)	(55)	–	(23)	(8,322)
At 31 May 2025	(19,315)	(231,244)	(2,100)	(457)	–	(147)	(253,263)
CARRYING VALUE							
At 31 December 2022	15,733	84,765	250	14	38,722	275	139,759
At 31 December 2023	14,214	115,590	271	832	4,389	220	135,516
At 31 December 2024	17,750	114,503	539	891	–	165	133,848
At 31 May 2025	17,012	109,784	529	836	1,770	142	130,073

The above items of property, plant and equipment, after taking into account the residual values, where applicable, are depreciated on a straight-line basis at the following estimated useful lives after taking into account their estimated residual values 5%:

Buildings	20 years
Plant, machinery and equipment	3 to 15 years
Motor vehicles	5 years
Furniture, fixtures, office and electronic equipment	3 to 5 years
Leasehold improvement	Over the shorter of lease term or 5 years

17. RIGHT-OF-USE ASSETS

The Group

	Land use rights	Leased properties	Total
	RMB '000	RMB '000	RMB '000
Carrying amount			
At 31 December 2022	5,159	670	5,829
At 31 December 2023	4,816	335	5,151
At 31 December 2024	4,320	1,672	5,992
At 31 May 2025	4,245	1,443	5,688
Depreciation charge			
For the year ended 31 December 2022	234	151	385
For the year ended 31 December 2023	234	444	678
For the year ended 31 December 2024	232	714	946
For the five months ended 31 May 2024 (unaudited)	98	390	488
For the five months ended 31 May 2025	75	229	304

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Total cash outflow for leases	176	517	766	377	214

The Company

	Land use rights	Leased properties	Total
	RMB '000	RMB '000	RMB '000
Carrying amount			
At 31 December 2022	4,941	301	5,242
At 31 December 2023	4,708	150	4,858
At 31 December 2024	4,320	727	5,047
At 31 May 2025	4,245	666	4,911
Depreciation charge			
For the year ended 31 December 2022	234	151	385
For the year ended 31 December 2023	234	151	385
For the year ended 31 December 2024	232	151	383
For the five months ended 31 May 2024 (unaudited)	97	63	160
For the five months ended 31 May 2025	75	61	136

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash outflow for leases	176	176	176	–	–

During the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group leases lands, buildings and warehouses for its operations. Lease contracts are entered into for fixed term of 3 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The land use rights mainly represented prepaid operating lease payments in respect of land in the PRC with remaining lease periods of 20 years.

18. DEFERRED TAX ASSETS

The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	15,332	6,866	3,644	2,470

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	15,062	5,302	1,863	2,014

The following are the major deferred tax assets recognised and movements thereon during the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025:

The Group

	ECL provision	Write-down of inventories	Tax losses	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
At 1 January 2022	1,877	108	31,642	33,627
(Charged) credited to profit or loss	(342)	42	(18,265)	(18,565)
Acquisition of a subsidiary (<i>Note 32</i>)	193	–	77	270
At 31 December 2022	1,728	150	13,454	15,332
Credited (charged) to profit or loss	567	50	(9,083)	(8,466)
At 31 December 2023	2,295	200	4,371	6,866
Charged to profit or loss	(48)	(84)	(3,090)	(3,222)
At 31 December 2024	2,247	116	1,281	3,644
Credited (charged) to profit or loss	99	8	(1,281)	(1,174)
At 31 May 2025	2,346	124	–	2,470

The Company

	ECL provision	Write-down of inventories	Tax losses	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
At 1 January 2022	1,877	108	31,642	33,627
(Charged) credited to profit or loss	(342)	42	(18,265)	(18,565)
At 31 December 2022	1,535	150	13,377	15,062
Credited (charged) to profit or loss	477	50	(10,287)	(9,760)
At 31 December 2023	2,012	200	3,090	5,302
Charged to profit or loss	(265)	(84)	(3,090)	(3,439)
At 31 December 2024	1,747	116	–	1,863
Credited to profit or loss	143	8	–	151
At 31 May 2025	1,890	124	–	2,014

As at 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has unused tax losses of approximately RMB89,693,000 and RMB29,140,000, RMB20,376,000 and RMB25,654,000, respectively available for offset against future profits under current tax rules. As at 31 December 2022, 2023 and 2024, a deferred tax asset has been recognised in respect of RMB89,693,000 and RMB29,140,000 and RMB8,546,000, respectively of such losses. As at 31 December 2024 and 31 May 2025, no deferred tax asset has been recognised in respect of the remaining approximately RMB11,830,000 and RMB25,654,000, respectively, due to the unpredictability of future profit streams.

As at 31 December 2022 and 2023, the Company has unused tax losses of approximately RMB89,180,000 and RMB20,600,000, respectively available for offset against future profits under current tax rules. A deferred tax asset has been recognised in respect of RMB89,180,000 and RMB20,600,000, respectively of such losses. The unused tax losses have been fully utilised during the year ended 31 December 2024.

19. INVENTORIES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Raw materials and consumables	65,386	44,694	36,569	54,067
Work in progress	—	756	1,917	1,578
Finished goods	35,788	29,422	32,558	45,450
	101,174	74,872	71,044	101,095
Less: write-down of inventories	(999)	(1,331)	(1,752)	(1,527)
	100,175	73,541	69,292	99,568

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Raw materials and consumables	52,385	35,328	33,628	49,168
Work in progress	—	756	1,917	1,578
Finished goods	40,305	29,537	29,581	39,629
	92,690	65,621	65,126	90,375
Less: write-down of inventories	(999)	(1,331)	(773)	(823)
	91,691	64,290	64,353	89,552

20. TRADE, BILLS AND OTHER RECEIVABLES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables	127,886	145,921	168,751	159,890
Bills receivables	136,015	118,862	166,137	160,623
Less: allowance for credit losses	(11,583)	(15,346)	(15,230)	(16,101)
	252,318	249,437	319,658	304,412
Other receivables, prepayments and deposits	2,671	1,692	1,969	1,973
Advance payment to suppliers	3,747	26,010	14,320	43,401
Value-added taxes recoverable	133	1,395	—	1,196
Deferred share issued costs	—	—	1,088	2,158
Total	258,869	278,534	337,035	353,140

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables	89,613	112,693	129,407	128,175
Bills receivables	111,530	98,390	143,613	141,841
Less: allowance for credit losses	(10,257)	(13,432)	(11,651)	(12,605)
	190,886	197,651	261,369	257,411
Other receivables, prepayments and deposits	1,501	1,999	832	856
Advance payment to suppliers	2,930	3,488	14,213	43,311
Value-added taxes recoverable	—	—	—	1,196
Deferred share issued costs	—	—	1,088	2,158
Total	195,317	203,138	277,502	304,932

In relation to the sales of capacitor films products, the Group generally allows a credit period from 30 days to 180 days to its trade customers and the Group accepts trade receivables settled by bills. No credit term was granted to the trade receivables with related parties.

As at 1 January 2022, the Group's and the Company's trade receivables and bills receivables from contracts with customers amounted to RMB73,454,000 and RMB122,179,000, respectively.

Aging analysis

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of each reporting period:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
0–90 days	69,594	74,336	91,486	80,881
91–180 days	29,961	30,412	31,526	41,944
181–365 days	15,162	26,527	31,596	22,255
1–2 years	4,401	4,423	5,464	2,743
Over 2 years	8,768	10,223	8,679	12,067
	127,886	145,921	168,751	159,890

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
0–90 days	39,453	55,518	68,042	64,280
91–180 days	24,262	27,111	27,406	36,420
181–365 days	14,549	17,143	24,212	17,468
1–2 years	3,042	3,681	2,594	257
Over 2 years	8,307	9,240	7,153	9,750
	<u>89,613</u>	<u>112,693</u>	<u>129,407</u>	<u>128,175</u>

The following is an aged analysis of bill receivables presented based on the issue dates at the end of each reporting period:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
0–90 days	33,729	55,739	80,583	62,740
91–180 days	67,143	59,948	85,554	97,883
181–365 days	35,143	3,175	–	–
	<u>136,015</u>	<u>118,862</u>	<u>166,137</u>	<u>160,623</u>

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
0–90 days	24,544	46,247	71,601	54,247
91–180 days	52,570	49,658	72,012	87,594
181–365 days	34,416	2,485	–	–
	<u>111,530</u>	<u>98,390</u>	<u>143,613</u>	<u>141,841</u>

As at 31 December 2022, 2023 and 2024 and 31 May 2025, total bills received amounting to RMB136,015,000, RMB118,862,000, RMB166,137,000 and RMB160,623,000 are held by the Group and amounting to RMB111,530,000, RMB98,390,000, RMB143,613,000 and RMB141,841,000 are held by the Company, respectively for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group and the Company. All bills received by the Group and the Company are with a maturity period of less than one year.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB58,292,000, RMB71,585,000, RMB77,265,000 and RMB79,009,000 which are past due as at the respective reporting date. Out of the past due balances, RMB28,331,000, RMB41,173,000, RMB45,739,000 and RMB37,065,000 has been past due over 90 days and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

Details of impairment assessment of trade, bills and other receivables are set out in Note 35b.

21. TRANSFER OF FINANCIAL ASSETS

At 31 December 2022, 2023 and 2024 and 31 May 2025, included in the Group's bills receivables amounted to RMB118,269,000 RMB22,588,000, RMB36,166,000 and RMB18,665,000, respectively, being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain bank loans on a full recourse basis. If the bills are not paid on maturity, the suppliers and banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivables and has recognised the payables from the endorsement of the bills with full recourse. For bills receivables discounted to banks with full recourse, as the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount of bills receivables and has recognised the bank borrowings for the discounted amounts received.

At 31 December 2022

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	14,918	103,351
Carrying amount of associated liabilities	14,918	103,351
Net position	—	—

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	5,137	93,703
Carrying amount of associated liabilities	5,137	93,703
Net position	—	—

At 31 December 2023

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	—	22,588
Carrying amount of associated liabilities	—	22,588
Net position	—	—

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	—	8,859
Carrying amount of associated liabilities	—	8,859
Net position	—	—

At 31 December 2024

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	—	36,166
Carrying amount of associated liabilities	—	36,166
Net position	—	—

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	—	16,706
Carrying amount of associated liabilities	—	16,706
Net position	—	—

At 31 May 2025

The Group

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	–	18,665
Carrying amount of associated liabilities	–	18,665
Net position	–	–

The Company

	Bills discounted to banks with full recourse	Bills endorsed to suppliers with full recourse
	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount of transferred assets	–	2,377
Carrying amount of associated liabilities	–	2,377
Net position	–	–

At 31 December 2022, 2023 and 2024 and 31 May 2025, the Group had derecognised bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB38,688,000, RMB6,009,000, RMB13,738,000 and RMB7,211,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company considered the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were insignificant, the Group had transferred substantially all the risks of these bills to relevant banks or suppliers. However, if the bills cannot be accepted at maturity, the banks or suppliers have the right to require the Group pay off the outstanding balance. Therefore, the Group continued to have involvement in them.

22. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

The Group's and the Company's bank balances as at 31 December 2022, 2023 and 2024 and 31 May 2025, carry interest at market rates which range from 0.05% to 1.50% per annum and the Group's and the Company's restricted bank deposits as at 31 December 2022 carry fixed interest rate of 1.5% per annum.

Restricted bank deposits as at 31 December 2022 represented the secure bank deposits paid for bills payable granted by financial institutions to the Group and the Company. The deposits are to be released upon the settlement of relevant bills payable.

Details of impairment assessment of bank balances and restricted bank deposits are set out in Note 35b.

23. TRADE, BILLS AND OTHER PAYABLES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade payables	40,351	34,701	40,235	34,593
Bills payables (<i>note</i>)	42,000	–	–	–
Accrued staff costs and retirement benefit scheme contributions	3,723	3,069	3,778	3,490
Value added tax payables	8,663	167	1,868	403
Other tax payables	2,404	614	124	28
Accrued operating expenses	816	1,373	293	238
Accrued listing expenses	–	–	1,713	2,656
Accrued share issue costs	–	–	313	485
Other payables	7,417	3,541	4,091	2,356
	<u>105,374</u>	<u>43,465</u>	<u>52,415</u>	<u>44,249</u>

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade payables	26,882	17,642	18,060	16,637
Bills payables (<i>note</i>)	42,000	–	–	–
Accrued staff costs and retirement benefit scheme contributions	1,631	1,377	2,424	2,561
Value added tax payables	8,663	–	1,226	110
Other tax payables	1,594	61	73	–
Accrued operating expenses	40	725	75	54
Accrued listing expenses	–	–	1,713	2,656
Accrued share issue costs	–	–	313	485
Other payables	4,343	465	1,013	850
	<u>85,153</u>	<u>20,270</u>	<u>24,897</u>	<u>23,353</u>

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

The credit period on trade payables ranges from 0 to 90 days. The aging analysis of the Group's trade payables based on the invoice dates at the end of each reporting period are as follows:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	40,351	34,701	39,255	33,755
Over 1 year	—	—	980	838
	<u>40,351</u>	<u>34,701</u>	<u>40,235</u>	<u>34,593</u>

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	26,882	17,642	17,698	16,018
Over 1 year	—	—	362	619
	<u>26,882</u>	<u>17,642</u>	<u>18,060</u>	<u>16,637</u>

The following is an aged analysis of bill payables presented based on the issue dates at the end of each reporting period:

The Group and the Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
91–180 days	<u>42,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

24. BANK BORROWINGS

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of bank borrowings repayable within one year and shown under current portion	<u>78,918</u>	<u>84,700</u>	<u>15,000</u>	<u>67,000</u>

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Fixed rate bank borrowings	78,918	84,700	15,000	67,000

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Represented by:				
– secured and unguaranteed	63,918	69,700	–	52,000
– unsecured and guaranteed	15,000	15,000	15,000	15,000
	78,918	84,700	15,000	67,000

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Carrying amount of bank borrowings repayable within one year and shown under current portion	69,137	84,700	15,000	67,000

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Fixed rate bank borrowings	69,137	84,700	15,000	67,000

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Represented by:				
– secured and unguaranteed	54,137	69,700	–	52,000
– unsecured and guaranteed	15,000	15,000	15,000	15,000
	69,137	84,700	15,000	67,000

The Group and the Company

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

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	55,430	55,972	—	11,526
Land use rights	—	—	—	4,245
	55,430	55,972	—	15,771

At 31 December 2022, the bank borrowings amounting to RMB49,000,000 were secured by the plant and equipment held by Hebei Haiwei Transportation Facilities Group Co., Ltd. (河北海偉交通設施集團有限公司) ("Haiwei Transportation"), a related party controlled by the father of Mr. Song. The above borrowing was settled in January 2024.

At 31 December 2022, 2023 and 2024 and 31 May 2025, the bank borrowings amounting to approximately RMB15,000,000, RMB15,000,000, RMB15,000,000 and RMB15,000,000, respectively, were guaranteed by Jing County Chunyuan Thermal Power Co., Ltd. (景縣春源熱力有限公司), a related party controlled by the brother-in-law of Mr. Song. The above borrowing was settled in June 2025.

As at 31 December 2022, the bank borrowings amounting to approximately RMB5,137,000 were drawn on discounted bills with recourse.

The Group

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's fixed rate bank borrowings are as follows:

	At 31 December			At 31 May
	2022	2023	2024	2025
Effective interest rate	2.4%-8.4%	6.0%-7.5%	4.0%	3.0%-4.0%

The Company

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's fixed rate bank borrowings are as follows:

	At 31 December			At 31 May
	2022	2023	2024	2025
Effective interest rate	3.2%-8.4%	6.0%-7.5%	4.0%	3.0%-4.0%

25. LEASE LIABILITIES

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Lease liabilities payable:				
Within one year	465	490	534	561
Within a period of more than one year but not more than two years	490	–	554	669
Within a period of more than two years but not more than five years	–	–	628	299
	955	490	1,716	1,529
Less: Amount due for settlement with 12 months shown under current liabilities	(465)	(490)	(534)	(561)
Amount due for settlement after 12 months shown under non-current liabilities	490	–	1,182	968

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Lease liabilities payable:				
Within one year	158	167	135	155
Within a period of more than one year but not more than two years	167	–	140	284
Within a period of more than two years but not more than five years	–	–	452	299
	325	167	727	738
Less: Amount due for settlement with 12 months shown under current liabilities	(158)	(167)	(135)	(155)
Amount due for settlement after 12 months shown under non-current liabilities	167	–	592	583

The weighted average incremental borrowing rates applied to lease liabilities were 5.48%, 5.48%, 3.60% and 3.60% as at 31 December 2022, 2023 and 2024 and 31 May 2025, respectively.

26. FINANCIAL GUARANTEE LIABILITIES

As at 31 December 2022, 2023 and 2024 and at 31 May 2025 the Group and the Company has guaranteed the bank borrowings for related parties amounting to RMB1,862,269,000, RMB482,400,000, RMB138,000,000 and RMB123,000,000 respectively. No consideration has been received by the Group for these guarantees.

The fair value of the financial guarantees as at their respective initial recognition date were arrived at on the basis of valuation carried out by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group. Such financial guarantees were measured at fair values at initial recognition with reference to default rates and recovery rates published by a credit rating agency and the maximum exposure of the related parties' credit facilities to the Group. During the years ended 31 December 2022, 2023 and 2024 and at 31 May 2025, the estimated fair value of the financial guarantees as at their respective initial recognition date were recognised as financial guarantee liabilities with the equivalent amount charged to equity as deemed distributions under other reserves amounting to approximately RMB11,517,000, RMB3,514,000, RMB2,719,000 and RMB2,085,000, respectively.

Subsequent to the initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance determined in accordance with IFRS 9; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised.

The carrying amounts of the financial guarantee liabilities as at 31 December 2022, 2023 and 2024 and at 31 May 2025 were RMB9,325,000, RMB4,616,000, RMB655,000 and RMB1,541,000 respectively, represented the amount of obligation under these related financial guarantee contracts. The amortisation of these financial guarantee liabilities for the years ended 31 December 2022, 2023 and 2024 and 31 May 2025 were RMB10,821,000, RMB8,223,000, RMB6,680,000 and RMB1,199,000, respectively.

Details of ECL assessment for financial guarantee contracts for the Track Record Period are set out in Note 35. All the financial guarantee provided to the related parties were released on 15 October 2025.

27. SHARE CAPITAL

	Number of shares	Share capital
	'000	RMB '000
Ordinary shares of RMB1 each registered, issued and fully paid:		
At 1 January 2022	60,000	60,000
Issue of shares (note a)	37,020	37,020
At 31 December 2022	97,020	97,020
Issue of Series A shares (note b)	12,128	12,128
Issue of Series A1 shares (note c)	7,913	7,913
Issue of Series B shares (note d)	6,651	6,651
At 31 December 2023 and 2024 and 31 May 2025	123,712	123,712

Notes:

- (a) On 28 October 2022, the Company entered into capital injection agreements with the following related party investors and pursuant to which a total capital of RMB370,200,000 was injected into the Company with RMB37,020,000 and RMB333,180,000 credited to the Company's share capital and capital reserve, respectively.
- i. Jingxian Haiwei Electronic Financial Management Consulting Co., Ltd. ("**Haiwei Financial Management**"), a related party controlled by Mr. Song, subscribed for the Company's new registered capital of RMB26,492,000, at a total consideration of RMB264,920,000 and the consideration was settled by setting off the trade related balances of RMB264,920,000 due from the company to Haiwei Financial Management and constituted a non-cash transaction. Details of the transaction are set out in Note 30(e).

- ii. Jingxian Changrui Enterprise Management Consulting Partnership (Limited Partnership) (“**Jingxian Changrui**”) and Jingxian Jiake Enterprise Management Consulting Partnership (Limited Partnership) (“**Jingxian Jiake**”), related parties controlled by Mr. Song, subscribed for the Company’s new registered capital of RMB4,754,000 and RMB4,754,000, respectively, at a total consideration of RMB47,540,000 and RMB47,540,000, respectively, and the consideration were settled in cash.
 - iii. Mr. Song Junqing, the father of Mr. Song, subscribed for the Company’s new registered capital of RMB1,020,000, at a total consideration of RMB10,200,000 and the amount was settled by transferring 51% of the shares of Ningguo Haiwei to the Company and constituted a non-cash transaction. Details of the transaction are set out in Note 32.
- (b) In February 2023, the Company, the shareholders of the Company and the Series A investors entered into a share subscription agreement pursuant to which the Series A investors subscribed for the Company’s new registered capital of RMB12,127,500 at a cash consideration of RMB100,000,000, in which the excess amount of RMB87,872,500 was credited to the capital reserve.
 - (c) In March 2023, the Company, the shareholders of the Company and the Series A1 investors entered into a share subscription agreement pursuant to which the Series A1 investors subscribe for the Company’s new registered capital of RMB7,913,213 at a cash consideration of RMB65,250,000, in which the excess amount of RMB57,336,787, was credited to the capital reserve. The shares were issued in April 2023.
 - (d) In September 2023, the Company, the shareholders of the Company and the Series B investors entered into a share subscription agreement pursuant to which the Series B investors subscribed for the Company’s new registered capital of RMB6,651,174 at a cash consideration of RMB125,000,000, in which the excess amount of RMB118,348,826 was credited to the capital reserve. 5,241,125 shares and 1,410,049 shares were issued in September 2023 and October 2023, respectively.
 - (e) Pursuant to the shareholder’s agreements entered during the year ended 31 December 2023, the Company was neither the party to fulfill the redemption rights granted to the Series A, Series A1 and Series B investors, nor has it provided any guarantees in relation to such redemption rights. Consequently, no liabilities was recognised during the Track Record Period in relation to these redemption rights. The Series A, Series A1 and Series B shares issued by the Company are classified as equity instruments since they are non-redeemable, nor does the Company have any contractual obligation to deliver cash or other financial assets to another party. Furthermore, the Company, as the issuer of these shares does not have any obligations to issue a variable number of its own equity instruments or deliver shares with a fixed value or a value based on changes in an underlying variable at the dates of issue and at the end of each reporting period.

In accordance with Series A, Series A1 and Series B investment agreements, Series A investors, Series A1 investors and Series B investors were granted certain preferred rights (the “**Preferred Rights**”) upon capital contribution. These Preferred Rights mainly included anti-dilution right.

Should the Company subsequently issue equity interests prior a qualified initial public offering to new investors at a price lower than the initial investments paid by Series A investors, Series A1 investors and Series B investors, Series A investors, Series A1 investors and Series B investors have the right to require the Company to adjust the equity ratio of the current round of investors by issuing additional registered capital at the lowest price permitted by law according to the unit price of the new issuance, so that the initial subscription unit price paid by the current round of investors is not higher than the unit price of the new issuance.

The directors of the Company considered that the fair value of the anti-dilution right was immaterial and or remote and the Company does not have any contractual obligation to deliver cash or other financial assets to another party and therefore no derivative liability was recognised by the Company.

28. RETIREMENT BENEFIT SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions amounted to approximately RMB276,000, RMB1,377,000, RMB1,954,000, RMB506,000 (unaudited) and RMB623,000 for the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2024 and 2025, respectively. No forfeited contributions have been used to reduce the level of contributions during each of the reporting period.

29. CAPITAL COMMITMENTS

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the Historical Financial Information	2,226	78,984	14,258	865

30. RELATED PARTY DISCLOSURES

(a) Name and relationship

The directors of the Group are of the opinion that the following companies are related parties that had transactions or balances with the Group during the Track Record Period.

Parties	Relationships
Haiwei Petrochemical Co., Ltd (“ Haiwei Petrochemical ”) (海偉石化有限公司)	Controlled by the father of Mr. Song
Hebei Haiwei Group Soft Packaging Co., Ltd (“ Haiwei Soft Packaging ”) (河北海偉集團軟包裝有限公司)	Controlled by the father of Mr. Song
Ningguo Zhongwei Electronics Co., Ltd (“ Ningguo Zhongwei ”) (寧國市中偉電子有限公司)	Controlled by a non-controlling shareholder who is also a supervisor of Ningguo Haiwei
Haiwei Transportation	Controlled by the father of Mr. Song
Ningguo Zhonghao Telecommunications Equipment Factory (“ Ningguo Zhonghao ”) (寧國市中浩電訊器材廠)	Controlled by a non-controlling shareholder who is also a supervisor of Ningguo Haiwei
Ningguo Haiwei (<i>Note</i>)	Controlled by the father of Mr. Song
Hebei Lanhang Soft Packaging Materials Co., Ltd (“ Hebei Lanhang ”) (河北蘭航軟包裝材料有限公司)	Controlled by the cousin of Mr. Song
Mr. Song Mingyi (宋明義)	The son of Mr. Song

Note: Ningguo Haiwei was no longer a related party and became a non-wholly owned subsidiary of the Company since the father of Mr. Song, Mr. Song Junqing, transferred 51% of the shares of Ningguo Haiwei to the Company as disclosed in Notes 27(a)(iii) and 32.

- (b) Saved as disclosed elsewhere in this Historical Financial Information, the Group has following transactions with related parties:

Parties	Nature of transactions	Year ended 31 December			Five months ended 31 May	
		2022	2023	2024	2024	2025
		<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i> (unaudited)	<i>RMB '000</i>
Ningguo Haiwei	Sales of goods	56,636	N/A	N/A	N/A	N/A
Ningguo Zhongwei	Sales of goods	–	65	–	–	–
Haiwei Petrochemical	Purchase of goods	159,732	10,663	806	–	–
Haiwei Soft Packaging	Purchase of goods	621	–	–	–	–
Ningguo Zhonghao	Purchase of goods	–	3,240	–	–	–
Hebei Lanhang	Purchase of goods	–	906	408	–	–
Haiwei Soft Packaging	Lease expenses	26	18	9	4	11
Ningguo Zhonghao	Lease expenses	51	35	41	21	16
Haiwei Petrochemical	Interest expenses (Note)	18,962	–	–	–	–
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: The amount represents the interest expenses on non-trade nature amount due to Haiwei Petrochemical, which carry a fixed interest of 5.48% per annum. The non-trade nature amount due to Haiwei Petrochemical was fully repaid during the year ended 31 December 2022.

- (c) The Group has the following balances with related parties at the end of each reporting period:

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties				
<i>Trade nature (note a)</i>				
Ningguo Zhongwei	1,700	1,774	1,774	1,774
Ningguo Zhonghao	312	312	312	312
	2,012	2,086	2,086	2,086
<i>Non-trade nature</i>				
Haiwei Petrochemical	–	1,577	1,682	–
Ningguo Zhonghao	990	990	990	990
Mr. Song Mingyi (note c)	–	–	3,480	–
	990	2,567	6,152	990
	3,002	4,653	8,238	3,076
Amounts due to related parties				
<i>Trade nature (note b)</i>				
Haiwei Petrochemical	58,304	–	–	–
Haiwei Transportation	49,590	–	–	–
Hebei Lanhang	11,919	906	–	–
Ningguo Zhonghao	3,253	3,626	3,218	3,253
	123,066	4,532	3,218	3,253

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties				
<i>Trade nature (note a)</i>				
Ningguo Zhongwei	576	576	576	576
<i>Non-trade nature</i>				
Haiwei Petrochemical	–	1,577	1,683	–
Mr. Song Mingyi (note c)	–	–	3,480	–
	–	1,577	5,163	–
	576	2,153	5,739	576

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties				
<i>Trade nature (note b)</i>				
Haiwei Petrochemical	58,304	–	–	–
Haiwei Transportation	49,590	–	–	–
Hebei Lanhang	11,919	906	–	–
	119,813	906	–	–
Amounts due from subsidiaries				
<i>Trade nature (note a)</i>				
Ningguo Haiwei	21,901	22,016	19,519	20,485
<i>Non-trade nature</i>				
Ningguo Haiwei	14,261	18,367	20,462	20,697
Jingxian Haiwei Electronic Technology R&D Co., Ltd (“ Haiwei Electronic ”) (景縣海偉電子技術研發有限公司)	4,212	225,473	126,424	137,698
	18,473	243,840	146,886	158,395
	40,374	265,856	166,405	178,880
Amount due to a subsidiary				
<i>Trade nature (note b)</i>				
Haiwei Electronic	–	87	–	–

Amounts due from (to) related parties and amounts due from (to) subsidiaries are unsecured, interest free and repayable on demand. As represented by the directors of the Company, all non-trade nature amounts due from related parties will be settled before listing of the Company’s shares on the Stock Exchange.

Notes:

- a) Amounts represented trade receivables for sales of goods and were unsecured and repayable on demand.
- b) Amounts represented trade payables for purchase of goods and other operating expenses and were unsecured and repayable on demand.
- c) The amount represented consideration receivable arising from the disposal of a subsidiary as disclosed in Note 33. The amount was settled on 20 March 2025.

(d) Guarantees issued by the Group to related parties

The Group has provided guarantees to banks to support the loans provided by these banks to certain related parties, which is detailed below:

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Haiwei Petrochemical	1,562,000	75,000	–	–
Haiwei Transportation	488,000	488,000	198,000	198,000
	2,050,000	563,000	198,000	198,000

(e) Trade related balances assignment arrangement between Haiwei Petrochemical Haiwei Financial Management and the Company

Haiwei Petrochemical, Haiwei Financial Management and the Company entered into a third-party agreement on 28 October 2022, pursuant to which Haiwei Petrochemical assigned its trade related balances due from the Company amounting to RMB264,920,000 to Haiwei Financial Management for settling the consideration of capital injection to the Company as disclosed in Note 27(a)(i).

(f) Master netting arrangement between Haiwei Petrochemical, related parties with non-trade related balances and the Company

Haiwei Petrochemical, those related parties with non-trade related balances with the Group and the Company entered into multi-party agreements on 31 October 2022, pursuant to which the related parties with non-trade related balances held by the Company would assign/net off their outstanding balances to Haiwei Petrochemical. Under this netting arrangement, it created a legally enforceable right to assign/net off the related recognised financial assets and financial liabilities of the Group.

The non-trade related balances due to related parties amounting to approximately RMB256,200,000 in total were net-off with the non-trade related balances due from related parties during the year ended 31 December 2022, which constituted a non-cash transaction.

(g) Compensation of key management personnel

The remuneration of directors of the Company, chief executive officer and other members of key management of the Group during the Track Record Period was as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Short term employee benefits	1,278	1,689	2,434	769	1,260
Post-employment benefits	15	66	136	42	49
	1,293	1,755	2,570	811	1,309

31. PARTICULARS OF SUBSIDIARIES

General information of subsidiaries

Details of the subsidiaries held by the Company during the Track Record Period and as at the date of this report are set out below.

Name of subsidiaries	Place and the date of establishment	Paid-up capital			At	Equity interests attributable to the Group at 31 December			At	At the date of this report	Principal activities
					31 May				31 May		
		2022	2023	2024	2025	2022	2023	2024	2025		
		RMB'000	RMB'000	RMB'000	RMB'000						
Directly held:											
Ningguo Haiwei	The PRC 26 May 2010	2,000	2,000	2,000	5,000	51%	51%	51%	51%	51%	Manufacturing and selling of metallized films
Haiwei Electronic	The PRC 4 November 2022	–	–	10,000	10,000	100%	100%	100%	100%	100%	Inactive
Jingxian Shuojia New Materials Co., Ltd (景縣碩嘉新材料有限公司*) (“Jingxian Shuojia”) (note)	The PRC 25 June 2024	N/A	N/A	3,312	3,312	N/A	N/A	N/A	N/A	N/A	Inactive

* The English name is for identification purpose only.

Note: This company was established on 25 June 2024 and was disposed of on 16 December 2024 as disclosed in Note 33.

No audited statutory financial statements were prepared for these entities for the Track Record Period as there are no statutory audit requirements. All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date. None of the subsidiaries had issued any debt securities at the end of the each of the reporting period.

Details of the non-wholly owned subsidiary that have material non-controlling interests

Summarised financial information in respect of the Group's non-wholly-owned subsidiary, Ningguo Haiwei, that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Ningguo Haiwei

	At 31 December		At 31 May
	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Percentage of non-controlling interests	49%	49%	49%
Summarised financial information			
Non-current assets	14,743	13,193	11,018
Current assets	72,187	77,442	71,107
Current liabilities	69,125	79,314	70,068
Non-current liabilities	–	590	385
Net assets	17,805	10,731	11,672
Carrying amounts of net assets allocated to non-controlling interests	8,724	5,258	5,719

	Year ended 31 December		Five months ended 31 May	
	2023	2024	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i> (unaudited)	<i>RMB '000</i>
Revenue	71,143	85,354	36,343	21,462
Loss and total comprehensive expense for the year/ period	(2,197)	(7,075)	(3,499)	(2,059)
Loss and total comprehensive expense allocated to non-controlling interests	(1,076)	(3,466)	(1,714)	(1,009)
Cash flows from (used in) operating activities	2,485	(1,218)	(918)	8,310
Cash flows used in investing activities	(13)	(590)	–	(11)
Cash flows from financing activities	–	–	–	5,000
Net increase (decrease) in cash and cash equivalents	2,472	(1,808)	(918)	13,299

32. ACQUISITION OF A SUBSIDIARY

In October 2022, the Company entered into a capital injection agreement pursuant to which Mr. Song Junqing, the father of Mr. Song, subscribed new registered capital of the Company amounting to RMB1,020,000, at the total consideration of RMB10,200,000 and the consideration was settled by transferring 51% of the shares of Ningguo Haiwei to the Company. The objective of the transaction is to expand the Group's relevant business. The transaction was completed on 31 December 2022. Upon completion of the transaction, Ningguo Haiwei became a direct non-wholly owned subsidiary of the Company. The acquisition has been accounted for as acquisition of business using the acquisition method.

RMB '000

Assets and liabilities recognised at the date of acquisition

Property, plant and equipment	14,629
Deferred tax assets	270
Inventories	8,485
Trade and other receivables	88,553
Cash and cash equivalents	99
Bank borrowings	(9,781)
Lease liabilities	(630)
Trade and other payables	(81,625)
Net asset acquired	20,000
Non-controlling interests (49% interests in Ningguo Haiwei)	(9,800)
Consideration transferred	(10,200)
Goodwill arising on acquisition	—

Non-controlling interests

The non-controlling interests in Ningguo Haiwei recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Ningguo Haiwei amounted to RMB9,800,000.

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB88,553,000 at the date of acquisition had gross contractual amounts of RMB88,553,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is insignificant.

Net cash inflow arising on acquisition of Ningguo Haiwei

RMB '000

Cash consideration	—
Less: Cash and cash equivalents acquired	(99)
	99

Impact of acquisition on the results of the Group

No revenue and profit for the year are generated from Ningguo Haiwei for the year ended 31 December 2022.

Had the acquisition of Ningguo Haiwei been completed on 1 January 2022, revenue for the year ended 31 December 2022 of the Group would have been RMB371,790,000, and profit for the year ended 31 December 2022 would have been RMB103,112,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Ningguo Haiwei been acquired at the beginning of the year ended 31 December 2022, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

33. DISPOSAL OF A SUBSIDIARY

On 8 November 2024, the Company entered into an agreement with Mr. Song Mingyi, the son of Mr. Song, to dispose its entire 100% equity interest in Jingxian Shuojia for a consideration of RMB3,480,000. The disposal was completed on 26 December 2024 and the net assets of Jingxian Shuojia at the date of disposal were as follows:

	<i>RMB'000</i>
Consideration	
Consideration receivable (<i>note</i>)	3,480

Note: The Company received the consideration of RMB3,480,000 on 20 March 2025.

	<i>RMB'000</i>
Analysis of assets over which control was lost:	
Property, plant and equipment	747
Right-of-use assets	153
Cash and cash equivalents	1
Other receivables	149
Net assets disposed of	1,050

	<i>RMB'000</i>
Gain on disposal of a subsidiary:	
Consideration receivable	3,480
Net assets disposed of	1,050
Gain on disposal	2,430

	<i>RMB'000</i>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	1

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes non-trade related amounts due to related parties, bank borrowings and lease liabilities disclosed in Note 30, Note 24 and Note 25 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

35. FINANCIAL INSTRUMENTS

35a. Categories of financial instruments

The Group

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Financial assets				
At amortised cost	283,792	464,776	467,153	464,571
Financial liabilities				
At amortised cost	294,476	129,922	59,401	109,766

The Company

	At 31 December			At 31 May
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Financial assets				
At amortised cost	254,827	467,671	434,366	438,645
Financial liabilities				
At amortised cost	267,197	108,676	33,790	88,373

35b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade, bills and other receivables, restricted bank deposits, amounts due from related parties, cash and cash equivalents, trade, bills and other payables, amounts due to related parties, bank borrowings, lease liabilities and financial guarantee liabilities. Except for above, the Company's major financial instruments also include amounts due from/to subsidiaries. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (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 manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

The Group and the Company are exposed to fair value interest-rate risk in relation to fixed rate borrowings from banks (Note 24) and lease liabilities (Note 25). The Group and the Company currently do not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

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, bills and other receivables, restricted bank deposits, amounts due from related parties, bank balances and amounts due from subsidiaries. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with settlement of certain bills receivables are backed by bills guaranteed by reputable financial institutions.

Trade and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at the end of each reporting period. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group and the Company accept trade receivables settled by bills. The management of the Group and the Company considers the credit risk arising from the endorsed or discounted bills is insignificant when the bills are issued or guaranteed by reputable PRC banks. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced. The management estimates the estimated loss rates of commercial bills receivables based on historical credit loss experience of the debtors, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the probability of default is low in view of the repayment history and credit rating of debtors and the management considers the ECL for commercial bills receivables is insignificant.

In addition, the Group and the Company perform impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for trade receivables that are with credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. Details of the quantitative disclosures are set out below in this note.

Other receivables, amounts due from related parties, amounts due from subsidiaries and financial guarantee contracts

The Group and the Company assessed the loss allowance for other receivables, amounts due from related parties, amounts due from subsidiaries and financial guarantee contracts on 12m ECL basis as the Group and the Company have considered that credit risks on these financial assets/financial guarantee contracts have not increased significantly since initial recognition. In determining the ECL, the Group and the Company have taken into account the historical default experience and forward-looking information as appropriate. The Group and the Company have considered the consistently low historical default rate in connection with payments and the Group and the Company also actively monitor the outstanding amounts owed by each debtor and identify any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company concluded that credit risk inherent in the Group's other receivables, amounts due from related parties and financial guarantee contracts, and the Company's other receivables, amounts due from related parties, amounts due from subsidiaries and financial guarantee contracts is insignificant.

Restricted bank deposits and bank balances

The credit risk on bank balances and restricted bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Provision matrix—debtors' aging

The Group and the Company rebut the presumption of default under ECL for trade receivables over 90 days past due based on the strong financial position with good repayment records of those customers and continuous business relationship with the Group and the Company.

As part of the Group's and the Company's credit risk management, the Group and the Company use aging of trade receivables to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables on invoice date which are assessed based on provision matrix as at 31 December 2022, 2023 and 2024 and 31 May 2025 within lifetime ECL (not credit-impaired). Debtors with credit-impaired with RMB8,768,000, RMB10,223,000, RMB8,679,000 and RMB12,067,000 gross carrying amounts as at 31 December 2022, 2023 and 2024 and 31 May 2025 were assessed individually, respectively.

Gross carrying amount

The Group

	At 31 December						At 31 May	
	2022		2023		2024		2025	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB '000		RMB '000		RMB '000		RMB '000
Current and within one year	2%	114,717	3%	131,275	3%	154,608	3%	145,080
Over one year and within two years	20%	4,401	35%	4,423	35%	5,464	35%	2,743
		<u>119,118</u>		<u>135,698</u>		<u>160,072</u>		<u>147,823</u>

The Company

	At 31 December						At 31 May	
	2022		2023		2024		2025	
	Average	Trade	Average	Trade	Average	Trade	Average	Trade
	loss rate	receivables	loss rate	receivables	loss rate	receivables	loss rate	receivables
	RMB'000		RMB'000		RMB'000		RMB'000	
Current and within one year	2%	78,264	3%	99,772	3%	119,660	3%	118,168
Over one year and within two years	20%	3,042	35%	3,681	35%	2,594	35%	257
		81,306		103,453		122,254		118,425

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors 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.

During each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Group provided net impairment allowance of RMB2,528,000, RMB5,549,000, RMB3,489,000 and RMB1,913,000 for trade receivables, based on the collective assessment. Net reversal of impairment allowance of RMB4,809,000, RMB1,786,000, RMB3,605,000 and RMB1,042,000 were made on credit-impaired trade receivables for each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, respectively.

During each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, the Company provided net impairment allowance of RMB2,090,000, RMB4,763,000, RMB1,703,000 and RMB1,724,000 for trade receivables, respectively based on the collective assessment. Net reversal of impairment allowance of RMB4,371,000, RMB1,588,000, RMB3,484,000 and RMB770,000 were made on credit-impaired trade receivables for each of the year ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025, respectively.

The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables:

The Group

	Year ended 31 December			Five months ended 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning balance	13,864	11,583	15,346	15,230
Loss allowance (reversed) recognised, net	(2,281)	3,763	(116)	871
Closing balance	11,583	15,346	15,230	16,101

The Company

	Year ended 31 December			Five months ended 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning balance	12,538	10,257	13,432	11,651
Loss allowance (reversed) recognised, net	(2,281)	3,175	(1,781)	954
Closing balance	<u>10,257</u>	<u>13,432</u>	<u>11,651</u>	<u>12,605</u>

Liquidity risk

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalent deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The management will closely monitor the cash flow generated from operations and the Group's and the Company's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

The following table details the Group's remaining contractual maturity for its non-derivative 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 table includes both interest and principal cash flows.

Liquidity tables

The Group

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1-3 months	Over 3 months but less than 1 years	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	—	83,167	—	—	—	83,167	83,167
Amounts due to related parties	—	123,066	—	—	—	123,066	123,066
Bank borrowings	6.87	4,449	11,723	66,777	—	82,949	78,918
Lease liabilities	5.48	—	—	517	517	1,034	955
Financial guarantee liabilities (Note)	—	2,050,000	—	—	—	2,050,000	9,325
		<u>2,260,682</u>	<u>11,723</u>	<u>67,294</u>	<u>517</u>	<u>2,340,216</u>	<u>295,431</u>

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1–3 months	Over 3 months but less than 1 years	1–5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	–	36,074	–	–	–	36,074	36,074
Amounts due to related parties	–	4,532	–	–	–	4,532	4,532
Bank borrowings	7.23	511	1,021	88,185	–	89,717	84,700
Lease liabilities	5.48	–	–	517	–	517	490
Financial guarantee liabilities							
(Note)	–	563,000	–	–	–	563,000	4,616
		<u>604,117</u>	<u>1,021</u>	<u>88,702</u>	<u>–</u>	<u>693,840</u>	<u>130,412</u>
31 December 2024							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	–	40,528	–	–	–	40,528	40,528
Amounts due to related parties	–	3,218	–	–	–	3,218	3,218
Bank borrowings	4.00	50	150	15,400	–	15,600	15,000
Lease liabilities	3.60	36	107	447	1,252	1,842	1,716
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	655
		<u>241,832</u>	<u>257</u>	<u>15,847</u>	<u>1,252</u>	<u>259,188</u>	<u>61,117</u>
31 May 2025							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	–	37,972	–	–	–	37,972	37,972
Amounts due to related parties	–	3,253	–	–	–	3,253	3,253
Bank borrowings	3.22	180	540	68,440	–	69,160	67,000
Lease liabilities	3.60	36	107	447	1,038	1,628	1,529
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	1,541
		<u>239,441</u>	<u>647</u>	<u>68,887</u>	<u>1,038</u>	<u>310,013</u>	<u>111,295</u>

The Company

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1-3 months	Over 3 months but less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	—	68,922	—	—	—	68,922	68,922
Amounts due to related parties	—	119,813	—	—	—	119,813	119,813
Bank borrowings	7.5	2,369	4,022	66,777	—	73,168	69,137
Lease liabilities	5.48	—	—	176	176	352	325
Financial guarantee liabilities							
(Note)	—	2,050,000	—	—	—	2,050,000	9,325
		<u>2,241,104</u>	<u>4,022</u>	<u>66,953</u>	<u>176</u>	<u>2,312,255</u>	<u>267,522</u>
31 December 2023							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	—	18,367	—	—	—	18,367	18,367
Amounts due to related parties	—	906	—	—	—	906	906
Amount due to a subsidiary	—	87	—	—	—	87	87
Bank borrowings	7.23	511	1,021	88,185	—	89,717	84,700
Lease liabilities	5.48	—	—	176	—	176	167
Financial guarantee liabilities							
(Note)	—	563,000	—	—	—	563,000	4,616
		<u>582,871</u>	<u>1,021</u>	<u>88,361</u>	<u>—</u>	<u>672,253</u>	<u>108,843</u>
31 December 2024							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	—	18,135	—	—	—	18,135	18,135
Bank borrowings	4.00	50	150	15,400	—	15,600	15,000
Lease liabilities	3.60	—	—	162	646	808	727
Financial guarantee liabilities							
(Note)	—	198,000	—	—	—	198,000	655
		<u>216,185</u>	<u>150</u>	<u>15,562</u>	<u>646</u>	<u>232,543</u>	<u>34,517</u>

	Weighted average effective interest rate	Repayable on demand or less than 1 month	1-3 months	Over 3 months but less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2025							
Non-derivative financial liabilities and lease liabilities							
Trade, bills and other payables	–	19,832	–	–	–	19,832	19,832
Bank borrowings	3.22	180	540	68,440	–	69,160	67,000
Lease liabilities	3.60	–	–	162	646	808	738
Financial guarantee liabilities							
(Note)	–	198,000	–	–	–	198,000	1,541
		<u>218,012</u>	<u>540</u>	<u>68,602</u>	<u>646</u>	<u>287,800</u>	<u>89,111</u>

Note: As at 31 December 2022, 2023 and 2024 and 31 May 2025, the amounts included above for financial guarantee liabilities were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectation at the end of the reporting period, the management considered that it is more likely than not that no amount would be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantees which is a function of the likelihood that the financial receivables held by the counterparty which guaranteed suffer credit losses. Details of the financial guarantees are set out in Note 26.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value, the Group and the Company use market-observable data to the extent it is available.

The fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded as amortised cost in the Historical Financial Information approximate to their fair values.

The fair value of such financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Non-trade due to related parties	Lease liabilities	Accrued share issue costs	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	74,000	287,953	475	—	362,428
Financing cash flows	16,482	(306,915)	(176)	—	(290,609)
Settlement of discounted bills	(25,057)	—	—	—	(25,057)
Net off arrangement with related parties	—	—	—	—	—
Interest expenses	3,712	18,962	26	—	22,700
Acquisition of subsidiary	9,781	—	630	—	10,411
At 31 December 2022	78,918	—	955	—	79,873
Financing cash flows	27,240	—	(517)	—	26,723
Settlement of discounted bills	(26,917)	—	—	—	(26,917)
Interest expenses	5,459	—	52	—	5,511
At 31 December 2023	84,700	—	490	—	85,190
Financing cash flows	(72,055)	—	(766)	(775)	(73,596)
New leases entered	—	—	1,942	—	1,942
Interest expenses	2,355	—	50	—	2,405
Share issue costs recognised	—	—	—	1,088	1,088
At 31 December 2024	15,000	—	1,716	313	17,029
Financing cash flows	51,111	—	(214)	(898)	49,999
Interest expenses	889	—	27	—	916
Share issue costs recognised	—	—	—	1,070	1,070
At 31 May 2025	67,000	—	1,529	485	69,014
For the five months ended 31 May 2024 (unaudited)					
At 1 January 2024	84,700	—	490	—	85,190
Financing cash flows	(50,112)	—	(377)	—	(50,489)
New leases entered	—	—	1,215	—	1,215
Interest expenses	1,112	—	25	—	1,137
Share issue costs recognised	—	—	—	—	—
At 31 May 2024	35,700	—	1,353	—	37,053

38. MAJOR NON-CASH TRANSACTION

Saved as disclosed elsewhere in this Historical Financial Information, the major non-cash transaction during the Track Record Period is as follow:

During the year ended 31 December 2024 and the five months ended 31 May 2025, the Group's bills receivables amounted to approximately RMB58,110,000 and RMB10,752,000 were endorsed to certain supplier for settlement of the deposits paid for property, plant and equipment on a full recourse basis, which constitutes a major non-cash transaction.

39. RESERVES OF THE COMPANY

Movement in the Company's reserves

	Capital reserve	Statutory surplus reserve	Other reserve	(Accumulated losses)/retained profits	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2022	90,000	6,221	(13,610)	(367,342)	(284,731)
Profit and total comprehensive income for the year	–	–	–	102,006	102,006
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(11,517)	–	(11,517)
Issue of shares	333,180	–	–	–	333,180
Convert into a joint stock limited liability company	(311,292)	(6,221)	–	317,513	–
Transfer to statutory surplus reserve	–	5,218	–	(5,218)	–
At 31 December 2022	111,888	5,218	(25,127)	46,959	138,938
Profit and total comprehensive income for the year	–	–	–	71,867	71,867
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(3,514)	–	(3,514)
Transfer to statutory surplus reserve	–	7,187	–	(7,187)	–
Issue of shares	263,558	–	–	–	263,558
At 31 December 2023	375,446	12,405	(28,641)	111,639	470,849
Profit and total comprehensive income for the year	–	–	–	94,862	94,862
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(2,719)	–	(2,719)
Transfer to statutory surplus reserve	–	9,486	–	(9,486)	–
At 31 December 2024	375,446	21,891	(31,360)	197,015	562,992
Profit and total comprehensive income for the period	–	–	–	31,597	31,597
Deemed distributions arising from issue of financial guarantees to related parties	–	–	(2,085)	–	(2,085)
At 31 May 2025	375,446	21,891	(33,445)	228,612	592,504

40. EVENTS AFTER THE REPORTING PERIOD

There were no material events taken place subsequent to 31 May 2025.

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 May 2025.