

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUOXIA TECHNOLOGY CO., LTD. AND CHINA EVERBRIGHT CAPITAL LIMITED**Introduction**

We report on the historical financial information of Guoxia Technology Co., Ltd. (formerly known as Jiangsu Guoxia Technology Corporation Limited, the "Company") and its subsidiaries (together, the "Group") set out on pages I-5 to I-103, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-5 to I-103 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 8 December 2025 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.



Ernst & Young
Certified Public Accountants
Hong Kong
8 December 2025

I HISTORICAL FINANCIAL INFORMATION

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (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.

I HISTORICAL FINANCIAL INFORMATION (continued)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	141,831	314,307	1,025,613	90,623	691,370
Cost of sales		(106,211)	(230,309)	(870,606)	(78,804)	(605,107)
Gross profit		35,620	83,998	155,007	11,819	86,263
Other income and gains, net	5	3,463	9,051	14,628	4,580	15,080
Research and development expenses		(3,787)	(16,811)	(31,578)	(12,303)	(16,657)
Administrative expenses		(3,224)	(14,157)	(26,125)	(12,994)	(32,575)
Selling and marketing expenses		(3,677)	(25,725)	(39,947)	(17,305)	(29,877)
Impairment losses on financial assets and contract assets, net	6	(255)	(1,513)	(7,353)	(789)	(7,447)
Other expenses, net		-	(2)	(337)	(286)	(14)
Finance costs	7	(246)	(3,043)	(10,324)	(4,862)	(5,493)
Share of losses of associates and joint ventures	17	-	(5)	(151)	(1)	(730)
PROFIT/(LOSS) BEFORE TAX	6	27,894	31,793	53,820	(32,141)	8,550
Income tax expenses	10	(3,617)	(3,645)	(4,701)	6,551	(2,975)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		24,277	28,148	49,119	(25,590)	5,575
Profit/(loss) attributable to:						
Owners of the parent		24,280	28,133	49,119	(25,590)	5,575
Non-controlling interests		(3)	15	-	-	-
		24,277	28,148	49,119	(25,590)	5,575
OTHER COMPREHENSIVE LOSS						
Other comprehensive loss that may be reclassified to loss in subsequent periods:						
Debt investments at fair value through other comprehensive loss						
Changes in fair value		-	-	-	-	(839)
Income tax effect		-	-	-	-	118
Net other comprehensive loss that may be reclassified to loss in subsequent periods		-	-	-	-	(721)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF TAX		-	-	-	-	(721)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		24,277	28,148	49,119	(25,590)	4,854

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(CONTINUED)

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Total comprehensive income/(loss) attributable to:						
Owners of the parent		24,280	28,133	49,119	(25,590)	4,854
Non-controlling interests		(3)	15	-	-	-
		<u>24,277</u>	<u>28,148</u>	<u>49,119</u>	<u>(25,590)</u>	<u>4,854</u>
Profit/(loss) per share attributable to ordinary equity holders of the parent						
Basic (RMB)		<u>2.11</u>	<u>0.84</u>	<u>0.87</u>	<u>(0.52)</u>	<u>0.06</u>
Diluted (RMB)		<u>2.11</u>	<u>0.84</u>	<u>0.87</u>	<u>(0.52)</u>	<u>0.06</u>

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	4,418	23,174	90,253	137,864
Right-of-use assets	14	420	69,894	68,704	35,575
Other intangible assets	15	-	1,980	1,848	4,375
Investments in associate and joint venture	17	-	45	2,894	3,873
Equity investments designated at fair value through other comprehensive income	18	-	1,680	1,680	1,680
Prepayments, other receivables and other assets	23	-	9,586	-	10,000
Deferred tax assets	30	69	384	2,587	6,356
Total non-current assets		4,907	106,743	167,966	199,723
CURRENT ASSETS					
Inventories	20	32,370	120,312	115,628	295,666
Trade and bills receivables	21	41,590	165,765	520,457	952,282
Prepayments, other receivables and other assets	23	24,597	21,333	143,780	94,270
Financial assets at fair value through profit or loss	19	-	7,002	89,909	-
Contract assets	22	-	778	41,490	88,021
Restricted bank deposits	24	961	12,006	18,580	54,147
Cash and cash equivalents	24	7,296	14,236	50,262	46,687
Total current assets		106,814	341,432	980,106	1,531,073
CURRENT LIABILITIES					
Trade and bills payables	25	24,222	132,784	438,938	850,736
Other payables and accruals	26	5,572	13,248	20,896	32,384
Contract liabilities	27	10,779	92	82,107	111,986
Interest-bearing bank and other borrowings	28	38,234	131,621	315,404	331,225
Lease liabilities	14	97	5,702	67,566	4,246
Tax payable		3,070	2,561	5,933	6,253
Provision	29	37	819	1,680	2,595
Total current liabilities		82,011	286,827	932,524	1,339,425
NET CURRENT ASSETS		24,803	54,605	47,582	191,648
TOTAL ASSETS LESS CURRENT LIABILITIES		29,710	161,348	215,548	391,371
NON-CURRENT LIABILITIES					
Lease liabilities	14	197	64,907	205	9,952
Long-term payables	26	-	-	16,893	34,786
Deferred tax liabilities	30	582	447	1,668	1,667
Provision	29	146	1,331	1,846	4,108
Interest-bearing bank and other borrowings	28	-	-	2,144	40,888
Total non-current liabilities		925	66,685	22,756	91,401
Net assets		28,785	94,663	192,792	299,970
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/Share capital	31	5,999	16,326	30,705	94,588
Reserves	33	22,781	78,317	160,968	204,263
		28,780	94,643	191,673	298,851
Non-controlling interests		5	20	1,119	1,119
Total equity		28,785	94,663	192,792	299,970

Director:



Chief Financial Officer:

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Note	Attributable to owners of parent				Non-controlling interests RMB'000	Total equity RMB'000
		Paid-in capital RMB'000	Statutory reserves RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000		
At 1 January 2022		1,400	-	(1,499)	(99)	8	(91)
Profit for the year		-	-	24,280	24,280	(3)	24,277
Total comprehensive income for the year		-	-	24,280	24,280	(3)	24,277
Capital contribution from shareholders	31	4,599	-	-	4,599	-	4,599
Transfer to statutory reserves		-	1,119	(1,119)	-	-	-
At 31 December 2022		5,999	1,119*	21,662*	28,780	5	28,785

Year ended 31 December 2023

	Notes	Attributable to owners of parent					Non-controlling interests RMB'000	Total equity RMB'000
		Paid-in capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000		
At 1 January 2023		5,999	-	-	1,119	21,662	5	28,785
Profit for the year		-	-	-	-	28,133	15	28,148
Total comprehensive income for the year		-	-	-	-	28,133	15	28,148
Capital contribution from shareholders	31	10,327	23,786	-	-	-	-	34,113
Equity-settled share award arrangements	32	-	-	3,617	-	-	-	3,617
Transfer to statutory reserves		-	-	-	2,582	(2,582)	-	-
At 31 December 2023		16,326	23,786*	3,617*	3,701*	47,213*	20	94,663

Year ended 31 December 2024

	Notes	Attributable to owners of parent						Non-controlling interests RMB'000	Total equity RMB'000
		Paid-in capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2024		16,326	23,786	3,617	3,701	47,213	94,643	20	94,663
Profit for the year		-	-	-	-	49,119	49,119	-	49,119
Total comprehensive income for the year		-	-	-	-	49,119	49,119	-	49,119
Capital contribution from shareholders	31	14,379	29,399	-	-	-	43,778	-	43,778
Capital contribution from non-controlling interests		-	-	-	-	-	-	1,099	1,099
Equity-settled share award arrangements	32	-	-	4,133	-	-	4,133	-	4,133
Transfer to statutory reserves		-	-	-	4,579	(4,579)	-	-	-
At 31 December 2024		30,705	53,185*	7,750*	8,280*	91,753*	191,673	1,119	192,792

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Six months ended 30 June 2024 (unaudited)

	Attributable to owners of parent							
	Paid-in capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	16,326	23,786	3,617	3,701	47,213	94,643	20	94,663
Loss for the period (unaudited)	-	-	-	-	(25,590)	(25,590)	-	(25,590)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(25,590)	(25,590)	-	(25,590)
Capital contribution from shareholders (unaudited)	602	29,398	-	-	-	30,000	-	30,000
Equity-settled share award arrangements (unaudited)	-	-	1,809	-	-	1,809	-	1,809
At 30 June 2024 (unaudited)	16,928	53,184	5,426	3,701	21,623	100,862	20	100,882

Six months ended 30 June 2025

		Attributable to owners of parent								
	Notes	Paid-in capital /share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserves RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025		30,705	53,185	7,750	8,280	-	91,753	191,673	1,119	192,792
Profit for the period		-	-	-	-	-	5,575	5,575	-	5,575
Other comprehensive loss for the period:										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		-	-	-	-	(721)	-	(721)	-	(721)
Total comprehensive income for the period		-	-	-	-	(721)	5,575	4,854	-	4,854
Capital contribution from shareholders	31	4,588	95,412	-	-	-	-	100,000	-	100,000
Equity-settled share award arrangements	32	-	-	2,324	-	-	-	2,324	-	2,324
Conversion into a joint stock company	31	59,295	(46,974)	(6,975)	(3,701)	-	(1,645)	-	-	-
At 30 June 2025		94,588	101,623*	3,099*	4,579*	(721*)	95,683*	298,851	1,119	299,970

*These reserve accounts comprise the balances of consolidated reserves of RMB22,781,000, RMB78,317,000, RMB160,968,000 and RMB204,263,000, in the consolidated statements of financial position as at the Relevant Periods, respectively.

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	6	27,894	31,793	53,820	(32,141)	8,550
Adjustments for:						
Share of losses of associates and joint ventures	17	-	5	151	1	730
Finance costs	7	246	3,043	10,324	4,862	5,493
Impairment losses on trade and bills receivables	6,21	165	1,304	6,589	537	7,021
Impairment losses on contract assets	6,22	-	7	450	66	531
Impairment losses on other receivables	6,23	90	202	314	186	(105)
Write-down of inventories to net realisable value	6,20	-	32	(2)	-	102
Depreciation of property and equipment	6,13	104	1,020	6,682	1,676	5,770
Depreciation of right-of-use assets	6,14	12	750	4,409	1,802	2,650
Amortisation of other intangible assets	6,15	-	104	212	104	131
Loss on disposal of property and equipment, net	6	-	-	310	284	1
Equity-settled share award expense	32	-	3,617	4,133	1,809	2,324
		28,511	41,877	87,392	(20,814)	33,198
(Increase)/decrease in inventories		(29,495)	(87,974)	4,686	(181,733)	(180,099)
Increase in pledged bank deposits		(917)	(11,045)	(6,574)	(15,471)	(35,567)
Increase in trade and bills receivables		(39,867)	(125,479)	(361,281)	(25,167)	(439,685)
Increase in contract assets		-	(785)	(41,162)	(5,959)	(47,062)
(Increase)/decrease in prepayments, other receivables and other assets		(20,628)	8,609	(72,155)	(54,238)	(3,939)
Increase in trade and bills payables		20,346	108,562	306,154	90,668	411,798
Increase in other payables and accruals		2,031	6,655	5,623	9,451	30,289
Increase/(decrease) in provisions		183	1,967	1,376	(96)	3,177
Increase/(decrease) in contract liabilities		9,472	(10,687)	82,015	153,775	29,879
Effect of exchange rate changes, net		43	(4)	(33)	11	(89)
Cash (used in)/generated from operations		(30,321)	(68,304)	6,041	(49,573)	(198,100)
Income taxes paid		-	(4,604)	(2,311)	(2,311)	(6,811)
Net cash flows (used in)/from operating activities		(30,321)	(72,908)	3,730	(51,884)	(204,911)

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Notes	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(4,309)	(28,341)	(66,107)	(25,252)	(53,411)
Purchases of other intangible assets	-	(2,084)	(80)	-	(2,658)
Payments for acquisition of financial assets at fair value through profit or loss	-	(55,002)	(99,908)	(10,770)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	48,000	17,001	17,000	89,720
Payment for acquisition of financial assets at fair value through other comprehensive income	-	(1,680)	-	-	-
Payments for acquisition of investments in associate and joint venture	-	(50)	(3,000)	-	(1,750)
Loan to third party	(1,600)	(6,747)	(62,306)	(14,400)	(44,231)
Repayment of third party loan	-	1,200	11,700	2,300	88,477
Net cash flows (used in)/from investing activities	(5,909)	(44,704)	(202,700)	(31,122)	76,147
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease payments	14	(9)	(305)	(8,378)	(5,104)
Repayment of bank and other loans		(2,401)	(81,471)	(179,569)	(96,782)
New bank and other loans		39,256	174,678	385,566	163,383
Interest paid		(245)	(2,467)	(7,533)	(3,707)
Capital injection from non-controlling interest shareholder		-	-	1,099	-
Capital contribution	31	4,599	34,113	43,778	30,000
Net cash flows from financing activities		41,200	124,548	234,963	87,790
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,970	6,936	35,993	4,784
Cash and cash equivalents at beginning of year/period		2,369	7,296	14,236	14,236
Effect of foreign exchange rate changes, net		(43)	4	33	(11)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		7,296	14,236	50,262	19,009
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents	24	7,296	14,236	50,262	19,009
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position		7,296	14,236	50,262	19,009

I HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	4,383	20,606	54,634	97,385
Right-of-use assets	14	-	68,573	67,907	35,139
Other intangible assets	15	-	1,980	1,848	4,375
Investments in associate and joint venture	17	-	45	2,894	3,873
Investments in subsidiaries	16	6,010	21,210	22,230	22,230
Equity investments designated at fair value through other comprehensive income	18	-	1,680	1,680	1,680
Prepayments, other receivables and other assets	23	-	9,586	-	10,000
Deferred tax assets	30	-	-	-	3,821
Total non-current assets		10,393	123,680	151,193	178,503
CURRENT ASSETS					
Inventories	20	30,191	112,015	91,140	267,057
Trade and bills receivables	21	37,476	97,046	454,154	886,564
Prepayments, other receivables and other assets	23	14,268	20,033	155,527	87,581
Financial assets at fair value through profit or loss	19	-	7,001	89,909	-
Contract assets	22	-	778	37,093	60,402
Restricted bank deposits	24	260	3,606	18,430	53,785
Cash and cash equivalents	24	677	11,720	31,338	32,858
Total current assets		82,872	252,199	877,591	1,388,247
CURRENT LIABILITIES					
Trade and bills payables	25	20,697	137,995	423,446	809,902
Other payables and accruals	26	5,582	20,385	25,709	40,424
Contract liabilities	27	10,779	92	80,822	110,429
Interest-bearing bank and other borrowings	28	38,234	64,041	249,625	260,423
Lease liabilities	14	-	5,240	67,083	3,878
Tax payable		26	1,108	2,633	439
Provision	29	37	709	1,524	2,023
Total current liabilities		75,355	229,570	850,842	1,227,518
NET CURRENT ASSETS		7,517	22,629	26,749	160,729
TOTAL ASSETS LESS CURRENT LIABILITIES		17,910	146,309	177,942	339,232
NON-CURRENT LIABILITIES					
Lease liabilities	14	-	64,220	-	9,870
Long-term payables	26	-	-	407	17,939
Deferred tax liabilities	30	576	445	1,667	1,667
Provision	29	146	912	1,439	3,242
Interest-bearing bank and other borrowings	28	-	-	-	39,000
Total non-current liabilities		722	65,577	3,513	71,718
Net assets		17,188	80,732	174,429	267,514
EQUITY					
Paid-in capital/share capital	31	5,999	16,326	30,705	94,588
Reserves	33	11,189	64,406	143,724	172,926
Total equity		17,188	80,732	174,429	267,514

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company registered in the People's Republic of China (the "PRC"). The registered office of the Company is located at No.9 Huicheng Road, Chang'an Street, Huishan District, Wuxi, Jiangsu Province.

In March 2025, the Company was converted to a joint stock limited liability company, and a total of 90,000,000 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

During the Relevant Periods, the Company and its subsidiaries were principally engaged in the manufacture and sale of energy storage products and systems, providing EPC (Engineering, Procurement, Construction) services and other services.

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

Name	Place and date of registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hubei JiuHong Liangyu Construction Engineering Co., Ltd. * ("Hubei JiuHong Liangyu") (湖北久宏良宇建设工程有限公司) (note (a))	PRC/ Mainland China 28 December 2018	RMB50,000,000	100	-	General mechanical equipment installation services
Jiangsu Hanchu Energy Technology Co., Ltd* ("Jiangsu Hanchu") (江苏汉储能源科技有限公司) (note (a))	PRC/ Mainland China 25 January 2022	RMB10,000,000	100	-	Trading of energy storage products and systems

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group at the end of each of the Relevant Periods. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

(a) No audited financial statements have been prepared for these subsidiaries during the Relevant Periods, as these subsidiaries were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting periods commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial instruments at fair value through profit or loss (“FVPL”) and bills receivable which have been measured at fair value.

Basis of consolidation

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES(CONTINUED)

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

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

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

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. So far, the Group considers that new and revised HKFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation and disclosures of the Group's financial statements.

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets(continued)

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

Related parties

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

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

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation(continued)

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

Buildings	20 years
Machinery and equipment	10 to 20 years
Electronics equipment	3 years
Furniture fixtures and office equipment	5 years
Motor vehicles	4 years
Leasehold improvements	5 years

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives as follows:

Purchased software	10 years
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Research and development costs

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

Leases

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

Group as a lessee

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases(continued)

(a) Right-of-use assets

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

Buildings	20 years
Leasehold land	32 years
Motor vehicles	3 years

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

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement(continued)

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

The subsequent measurement of financial assets depends on their classification as follows: *(continued)*

Financial assets at fair value through profit or loss

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

This category includes wealth management products.

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets(continued)

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

The Group also recognises the contract fulfilment cost of inventories from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

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

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates. The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates less the costs that relate directly to the provision of those services and that have not been recognised as expenses.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

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

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

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is deducted in reporting the related expense, or recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

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

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

(a) Energy storage systems business

Revenue from the energy storage systems business primarily arises from sales of energy storage system products and others, which is recognised at the point in time when control of the products is transferred to the customer, generally being when the products are delivered to the customer upon the international trade terms and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract.

(b) EPC services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Others

Revenue from others primarily arises from sales of materials is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the material, and also include revenue from operation and maintenance services, which is recognised over the scheduled period on a time proportion basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

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

Contract assets

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

Contract liabilities

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

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates two share award schemes, under which the Group granted restricted share to employees and directors. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model further details of which are given in note 32 to the financial statements.

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

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

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

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

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

Other employee benefits

Pension scheme

The employees of Company and the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal governments. Company and the Group's subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

Housing fund

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

2. ACCOUNTING POLICIES(CONTINUED)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are specifically stated in the terms of the resolution and approved by the shareholders in a general meeting.

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses ("ECLs") on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing for groupings of various customers that have similar loss patterns (i.e., by customer type).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets are disclosed in notes 21 and 22 to the Historical Financial Information, respectively.

Provision for the warranty

The Group makes a provision for the warranty for the energy storage system business and EPC services according to the best expected settlement under the sales agreement. The provision amount takes into account the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in provision will affect the profit and loss in future years. Further details of the provision are set out in note 29 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property and equipment, right-of-use assets, intangible assets and investment in an associate and joint venture as at the end of each of the Relevant Periods are set out in notes 13, 14, 15 and 17 to the Historical Financial Information, respectively.

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Estimation of grant date fair value of restricted shares

The Group granted restricted shares to the Group's directors and employees during the Relevant Periods. The Group has engaged an independent valuer to evaluate the grant date fair value of the restricted shares, which is determined based on the fair value of the Company's ordinary shares at the grant date of the award. Estimation of the fair value of the Company's ordinary shares involves significant assumptions, such as risk-free interest rate and volatility, that might not be observable in the market, and it could have significant impact on the share-based payment expenses charged to profit or loss. Further details are included in note 32 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of energy storage system business, EPC services and other services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mainland China	39,608	175,687	819,083	65,785	565,192
Europe	102,223	97,134	104,584	20,335	62,978
Africa	-	41,486	99,649	4,503	58,340
Others	-	-	2,297	-	4,860
Total	141,831	314,307	1,025,613	90,623	691,370

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

(b) Non-current assets

All of the Group's non-current assets were located in Mainland China during the Relevant Periods and the six months ended 30 June 2024.

Information about major customers

During the Relevant Periods and the six months ended 30 June 2024, revenues from transactions with each of external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	99,885	97,134	*	18,972	*
Customer B	17,246	*	*	*	*
Customer C	*	71,384	*	*	*
Customer D	*	41,486	*	*	*
Customer E	*	*	286,619	*	*
Customer F	*	*	105,370	*	108,691
Customer G	*	*	*	*	288,134
Customer H	*	*	*	31,113	*
Customer I	*	*	*	19,512	*
Customer J	*	*	*	11,667	*

* The revenues from transactions with the customer were less than 10% of the Group's revenues in the indicated year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Energy storage systems business	140,735	283,467	1,003,382	70,336	640,201
EPC services	-	30,333	19,512	19,512	49,125
Others	1,096	507	2,719	775	2,044
Total	141,831	314,307	1,025,613	90,623	691,370

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Transfer over time	-	30,411	20,387	19,793	49,682
Transfer at a point in time	141,831	283,896	1,005,226	70,830	641,688
Total	141,831	314,307	1,025,613	90,623	691,370

The following table shows the amounts of revenue recognised in each of the Relevant Periods and the six months ended 30 June 2024 that were included in the contract liabilities at the beginning of the respective year/period:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Energy storage systems business	-	10,779	92	92	24,416

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

Energy storage systems business

The performance obligation is satisfied upon the acceptance of the energy storage system products by the customers or upon the international trade terms such as FOB and the payment is generally due within 0 to 180 days from delivery.

EPC services

The performance obligation is satisfied over time as services are rendered. Payment in advance is normally required at the beginning of the service, and progress payment is generally due within 60 to 90 days from the date of billing.

The Group has applied the practical expedient for not to disclose the remaining performance obligations as at the end of each of the Relevant Periods and the six months ended 30 June 2024 because the performance obligations are part of the contracts with original expected duration of one year or less.

5. REVENUE, OTHER INCOME AND GAINS (continued)

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
<u>Other income</u>					
Interest income	10	153	1,237	212	224
Investment income from financial investments at fair value through profit or loss	-	16	5	4	20
Government grants	761	8	4,226	283	1,520
Penalty and deposit income	-	2,497	-	-	51
Extra deduction of value-added-tax	1	1,720	7,587	3,637	3,428
Others	392	1,698	244	2	26
Total other income	1,164	6,092	13,299	4,138	5,269
<u>Gains</u>					
Foreign exchange differences, net	2,299	2,959	1,329	442	9,811
Total	3,463	9,051	14,628	4,580	15,080

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Year ended 31 December			Six months ended 30 June	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Cost of products sold		106,211	207,045	855,399	63,895	565,475
Cost of services provided		-	23,264	15,207	14,909	39,632
Depreciation of property and equipment*	13	104	1,020	6,682	1,676	5,770
Depreciation of right-of-use assets*	14	12	750	4,409	1,802	2,650
Amortisation of other intangible assets*	15	-	104	212	104	131
Lease payments not included in the measurement of lease liabilities*	14	1,557	2,398	688	153	593
Listing expense		-	-	-	-	12,270
Research and development expenses		3,787	16,811	31,578	12,303	16,657
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):						
Wages and salaries		5,855	24,214	43,164	18,756	25,249
Pension scheme contributions (defined contribution scheme)		348	1,316	2,744	1,258	1,557
Equity-settled share award expense*		-	1,749	2,265	875	1,099
Termination benefits		-	-	181	56	75
Total		6,203	27,279	48,354	20,945	27,980
Impairment losses on financial and contract assets, net:						
Trade and bills receivables	21	165	1,304	6,589	537	7,021
Contract assets	22	-	7	450	66	531
Other receivables	23	90	202	314	186	(105)
Total		255	1,513	7,353	789	7,447
Write-down/(write-back) of inventories to net realisable value	20	-	32	(2)	-	102
Loss on disposal of property and equipment		-	-	310	284	1

* These items are included in "Cost of sales", "Administrative expenses", "Selling and marketing expenses" and "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank loans	214	1,717	8,003	3,707	5,265
Interest on other borrowings	31	930	-	-	24
Interest on lease liabilities (note 14)	1	396	2,321	1,155	204
Total	246	3,043	10,324	4,862	5,493

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the Company's directors (including the chief executive) during the Relevant Periods and the six months ended 30 June 2024 is summarised as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	-	-	-	-	-
Other emoluments:					
Salaries, allowances and benefits in kind	620	1,140	1,140	570	2,032
Performance related bonuses	414	600	95	48	207
Equity-settled share award expense	-	1,868	1,868	934	1,225
Pension scheme contributions	13	16	28	14	43
Subtotal	1,047	3,624	3,131	1,566	3,507
Total fees and other emoluments	1,047	3,624	3,131	1,566	3,507

During the Relevant Periods and the six months ended 30 June 2024, certain directors were granted restricted shares, in respect of their services to the Group, under the share based schemes of the Group, further details of which are set out in note 32 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2024 is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the Company's directors and chief executive is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2022						
Mr. Feng Lizheng*	-	295	138	-	-	433
Mr. Liu Ziyi**	-	295	138	-	13	446
Mr. Zhang Xi***	-	30	138	-	-	168
Total	-	620	414	-	13	1,047

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023						
Mr. Feng Lizheng	-	600	300	12	11	923
Mr. Zhang Xi	-	540	300	1,856	5	2,701
Total	-	1,140	600	1,868	16	3,624

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024						
Mr. Feng Lizheng	-	600	50	12	19	681
Mr. Zhang Xi	-	540	45	1,856	9	2,450
Total	-	1,140	95	1,868	28	3,131

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
30 June 2024 (unaudited)						
Mr. Feng Lizheng	-	300	25	6	10	341
Mr. Zhang Xi	-	270	23	928	4	1,225
Total	-	570	48	934	14	1,566

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the Company's directors and chief executive is set out below (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share award expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
30 June 2025						
Mr. Feng Lizheng	-	600	50	6	10	666
Mr. Zhang Xi	-	540	45	928	5	1,518
Mr. Liu Ziyue	-	360	45	-	6	411
Mr. Zhu Shuaishuai****	-	160	20	77	6	263
Mr. Bai Yang****	-	240	30	179	13	462
Mr. Wang Zhenlin****	-	132	17	35	3	187
Total	-	2,032	207	1,225	43	3,507

There was no arrangement under which a director or chief executive of the Company waived or agreed to waive any remuneration and no remuneration was paid by the Group to a director or chief executive of the Company as an inducement to join or upon joining the Group during the Relevant Periods and the six months ended 30 June 2024.

* Mr. Feng Lizheng was appointed as director in December 2022.

** Mr. Liu Ziyue was the chief executive officer of the Company and resigned in December 2022, and appointed as director in March 2025.

*** Mr. Zhang Xi was appointed as the chief executive officer in December 2022.

**** Mr. Zhu Shuaishuai, Mr. Bai Yang and Mr. Wang Zhenlin were appointed as director in March 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2024 included two, two, two, two and four directors, respectively, details of whose remuneration is set out in note 8 above. Details of the remuneration of the remaining three, three, three, three and one highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended 30 June 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Salaries, allowances and benefits in kind	1,100	1,898	2,222	1,132	242
Performance related bonuses	518	864	140	70	23
Equity-settled share award expense	-	952	952	476	-
Pension scheme contributions	27	34	67	34	5
Total	1,645	3,748	3,381	1,712	270

9. FIVE HIGHEST PAID EMPLOYEES(continued)

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to HKD500,000	2	-	-	1	1
HKD500,001 to HKD1,000,000	1	1	1	2	-
HKD1,000,001 to HKD1,500,000	-	-	2	-	-
HKD1,500,001 to HKD2,000,000	-	2	-	-	-
Total	3	3	3	3	1

10. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. The Company obtained the Certificate of High and New Technology Enterprise on 23 December 2021 with a validity period of three years, and reapplied for the Certificate of High and New Technology Enterprise on 19 November 2024 with a validity period of three years. Accordingly, the Company was entitled to a preferential tax rate of 15% during the Relevant Periods and six months ended 30 June 2024. In addition, the Group's certain subsidiaries operating in Mainland China were entitled to a preferential tax rate of 5% for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 because they were regarded as "small-scaled minimal profit enterprises" with taxable income no more than RMB3,000,000.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current:	3,070	4,095	5,683	935	6,627
Deferred (note 30)	547	(450)	(982)	(7,486)	(3,652)
Total tax charge for the year/period	3,617	3,645	4,701	(6,551)	2,975

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) before tax	27,894	31,793	53,820	(32,141)	8,550
Tax at the statutory tax rate of 25%	6,973	7,948	13,455	(8,035)	2,138
Effect of different tax rates	(1,822)	(2,677)	(4,882)	2,848	2,347
Losses attributable to associates and joint ventures	-	1	23	-	109
Expenses not deductible for tax	154	619	423	363	637
Tax losses utilised from previous periods	(113)	(23)	-	-	(6)
Tax losses not recognised	11	-	23	37	15
Additional deductible allowance for depreciation	(855)	-	-	-	-
Additional deductible allowance for research and development expenses	(731)	(2,223)	(4,341)	(1,764)	(2,265)
Tax charge at the Group's effective rate	3,617	3,645	4,701	(6,551)	2,975

11. DIVIDENDS

There was no dividend declared or paid by the Group during the Relevant Periods and the six months ended 30 June 2024.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings/(loss) per share was calculated based on the profit/(loss) attributable to the owners of the parent and the weighted average number of ordinary shares deemed outstanding during the Relevant Periods and the six months ended 30 June 2024. The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2024.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Earnings/(loss)</u>					
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	24,280	28,133	49,119	(25,590)	5,575
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
<u>Shares</u>					
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	11,520,122	33,626,593	56,137,517	48,819,952	92,246,575

The weighted average number of ordinary shares deemed outstanding before the Company converted into a joint stock company was determined assuming that the paid-in capital had been fully converted into ordinary share capital at the same conversion ratio on the date when the respective paid-in capital was contributed to the Company.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Note	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2022								
At 1 January 2022:								
Cost		-	-	-	242	-	-	242
Accumulated depreciation		-	-	-	(29)	-	-	(29)
Net carrying amount		-	-	-	213	-	-	213
At 1 January 2022, net of accumulated depreciation		-	-	-	213	-	-	213
Additions		3,940	216	144	9	-	-	4,309
Depreciation provided during the year	6	(33)	(10)	(4)	(57)	-	-	(104)
At 31 December 2022, net of accumulated depreciation		3,907	206	140	165	-	-	4,418
At 31 December 2022:								
Cost		3,940	216	144	251	-	-	4,551
Accumulated depreciation		(33)	(10)	(4)	(86)	-	-	(133)
Net carrying amount		3,907	206	140	165	-	-	4,418
31 December 2023								
At 1 January 2023:								
Cost		3,940	216	144	251	-	-	4,551
Accumulated depreciation		(33)	(10)	(4)	(86)	-	-	(133)
Net carrying amount		3,907	206	140	165	-	-	4,418
At 1 January 2023, net of accumulated depreciation		3,907	206	140	165	-	-	4,418
Additions		2,995	1,336	1,020	2,128	12,297	-	19,776
Transfers		1,769	-	-	-	(1,769)	-	-
Depreciation provided during the year	6	(432)	(216)	(108)	(264)	-	-	(1,020)
At 31 December 2023, net of accumulated depreciation		8,239	1,326	1,052	2,029	10,528	-	23,174
At 31 December 2023:								
Cost		8,704	1,552	1,164	2,379	10,528	-	24,327
Accumulated depreciation		(465)	(226)	(112)	(350)	-	-	(1,153)
Net carrying amount		8,239	1,326	1,052	2,029	10,528	-	23,174

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Note	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost		8,704	1,552	1,164	2,379	10,528	-	24,327
Accumulated depreciation		(465)	(226)	(112)	(350)	-	-	(1,153)
Net carrying amount		8,239	1,326	1,052	2,029	10,528	-	23,174
At 1 January 2024, net of accumulated depreciation								
Additions		8,239	1,326	1,052	2,029	10,528	-	23,174
Transfers		5,266	1,228	2,921	2,225	64,073	471	76,184
Government grants		18,905	44	4,218	-	(39,583)	16,416	-
Disposals		-	-	-	-	-	(2,113)	(2,113)
Depreciation provided during the year	6	(276)	(1)	(33)	-	-	-	(310)
	6	(2,133)	(783)	(656)	(909)	-	(2,201)	(6,682)
At 31 December 2024, net of accumulated depreciation								
		30,001	1,814	7,502	3,345	35,018	12,573	90,253
At 31 December 2024:								
Cost		32,599	2,823	8,270	4,604	35,018	14,774	98,088
Accumulated depreciation		(2,598)	(1,009)	(768)	(1,259)	-	(2,201)	(7,835)
Net carrying amount		30,001	1,814	7,502	3,345	35,018	12,573	90,253

	Note	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
30 June 2025									
At 1 January 2025:									
Cost		32,599	2,823	8,270	4,604	-	35,018	14,774	98,088
Accumulated depreciation		(2,598)	(1,009)	(768)	(1,259)	-	-	(2,201)	(7,835)
Net carrying amount		30,001	1,814	7,502	3,345	-	35,018	12,573	90,253
At 1 January 2025, net of accumulated depreciation									
Additions		30,001	1,814	7,502	3,345	-	35,018	12,573	90,253
Transfers		843	233	13	330	-	6,160	-	7,579
Disposals		38,335	-	-	-	45,832	(38,458)	123	45,832
Depreciation provided during the period	6	(4)	(4)	-	(22)	-	-	-	(30)
	6	(1,550)	(452)	(785)	(544)	(751)	-	(1,688)	(5,770)
At 30 June 2025, net of accumulated depreciation									
		67,625	1,591	6,730	3,109	45,081	2,720	11,008	137,864
At 30 June 2025:									
Cost		71,773	3,052	8,283	4,912	45,832	2,720	14,897	151,469
Accumulated depreciation		(4,148)	(1,461)	(1,553)	(1,803)	(751)	-	(3,889)	(13,605)
Net carrying amount		67,625	1,591	6,730	3,109	45,081	2,720	11,008	137,864

Certain of the Group's property, plant and equipment with net carrying amounts of approximately nil, nil, RMB32,711,000 and RMB63,796,000 were pledged to secure certain long-term payables of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. For further details, please refer to note 26.

During the Relevant Periods, there was no impairment provided for the Group's property, plant and equipment.

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2022					
At 1 January 2022:					
Cost	-	-	-	242	242
Accumulated depreciation	-	-	-	(29)	(29)
Net carrying amount	-	-	-	213	213
At 1 January 2022, net of accumulated depreciation	-	-	-	213	213
Additions	3,940	216	118	-	4,274
Depreciation provided during the year	(33)	(10)	(4)	(57)	(104)
At 31 December 2022, net of accumulated depreciation	3,907	206	114	156	4,383
At 31 December 2022:					
Cost	3,940	216	118	242	4,516
Accumulated depreciation	(33)	(10)	(4)	(86)	(133)
Net carrying amount	3,907	206	114	156	4,383

	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	3,940	216	118	242	-	4,516
Accumulated depreciation	(33)	(10)	(4)	(86)	-	(133)
Net carrying amount	3,907	206	114	156	-	4,383
At 1 January 2023, net of accumulated depreciation	3,907	206	114	156	-	4,383
Additions	2,988	1,288	918	1,098	10,878	17,170
Transfers	350	-	-	-	(350)	-
Disposals	-	(73)	-	-	-	(73)
Depreciation provided during the year	(425)	(211)	(85)	(153)	-	(874)
At 31 December 2023, net of accumulated depreciation	6,820	1,210	947	1,101	10,528	20,606
At 31 December 2023:						
Cost	7,278	1,420	1,036	1,340	10,528	21,602
Accumulated depreciation	(458)	(210)	(89)	(239)	-	(996)
Net carrying amount	6,820	1,210	947	1,101	10,528	20,606

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000	
31 December 2024								
At 1 January 2024:								
Cost	7,278	1,420	1,036	1,340	10,528	-	21,602	
Accumulated depreciation	<u>(458)</u>	<u>(210)</u>	<u>(89)</u>	<u>(239)</u>	<u>-</u>	<u>-</u>	<u>(996)</u>	
Net carrying amount	<u>6,820</u>	<u>1,210</u>	<u>947</u>	<u>1,101</u>	<u>10,528</u>	<u>-</u>	<u>20,606</u>	
At 1 January 2024, net of accumulated depreciation	6,820	1,210	947	1,101	10,528	-	20,606	
Additions	5,266	1,152	2,815	2,225	30,781	471	42,710	
Transfers	18,905	44	4,218	-	(39,583)	16,416	-	
Government grants	-	-	-	-	-	(2,113)	(2,113)	
Disposals	(276)	(8)	(33)	-	-	-	(317)	
Depreciation provided during the year	<u>(2,044)</u>	<u>(718)</u>	<u>(624)</u>	<u>(665)</u>	<u>-</u>	<u>(2,201)</u>	<u>(6,252)</u>	
At 31 December 2024, net of accumulated depreciation	<u>28,671</u>	<u>1,680</u>	<u>7,323</u>	<u>2,661</u>	<u>1,726</u>	<u>12,573</u>	<u>54,634</u>	
At 31 December 2024:								
Cost	31,173	2,608	8,036	3,565	1,726	14,774	61,882	
Accumulated depreciation	<u>(2,502)</u>	<u>(928)</u>	<u>(713)</u>	<u>(904)</u>	<u>-</u>	<u>(2,201)</u>	<u>(7,248)</u>	
Net carrying amount	<u>28,671</u>	<u>1,680</u>	<u>7,323</u>	<u>2,661</u>	<u>1,726</u>	<u>12,573</u>	<u>54,634</u>	
	Machinery and equipment RMB'000	Electronics equipment RMB'000	Furniture fixtures and office equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
30 June 2025								
At 1 January 2025:								
Cost	31,173	2,608	8,036	3,565	-	1,726	14,774	61,882
Accumulated depreciation	<u>(2,502)</u>	<u>(928)</u>	<u>(713)</u>	<u>(904)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>	<u>(7,248)</u>
Net carrying amount	<u>28,671</u>	<u>1,680</u>	<u>7,323</u>	<u>2,661</u>	<u>-</u>	<u>1,726</u>	<u>12,573</u>	<u>54,634</u>
At 1 January 2025, net of accumulated depreciation	28,671	1,680	7,323	2,661	-	1,726	12,573	54,634
Additions	843	233	7	330	-	1,074	-	2,487
Transfers	22	-	-	-	45,832	(145)	123	45,832
Disposals	(4)	(4)	-	(10)	-	-	-	(18)
Depreciation provided during the period	<u>(1,502)</u>	<u>(416)</u>	<u>(764)</u>	<u>(429)</u>	<u>(751)</u>	<u>-</u>	<u>(1,688)</u>	<u>(5,550)</u>
At 30 June 2025, net of accumulated depreciation	<u>28,030</u>	<u>1,493</u>	<u>6,566</u>	<u>2,552</u>	<u>45,081</u>	<u>2,655</u>	<u>11,008</u>	<u>97,385</u>
At 30 June 2025:								
Cost	32,034	2,837	8,043	3,885	45,832	2,655	14,897	110,183
Accumulated depreciation	<u>(4,004)</u>	<u>(1,344)</u>	<u>(1,477)</u>	<u>(1,333)</u>	<u>(751)</u>	<u>-</u>	<u>(3,889)</u>	<u>(12,798)</u>
Net carrying amount	<u>28,030</u>	<u>1,493</u>	<u>6,566</u>	<u>2,552</u>	<u>45,081</u>	<u>2,655</u>	<u>11,008</u>	<u>97,385</u>

14. LEASES

The Group as a lessee

The Group has certain lease contracts for buildings for its plant and motor vehicles used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Carrying amount at beginning of year/period				
Buildings	-	-	50,073	49,646
Leasehold land	-	-	19,545	18,926
Motor vehicles	-	420	276	132
Subtotal	-	420	69,894	68,704
Additions				
Buildings	-	50,576	3,219	16,301
Leasehold land	-	19,648	-	-
Motor vehicles	432	-	-	-
Subtotal	432	70,224	3,219	16,301
Depreciation charges				
Buildings	-	503	3,646	2,273
Leasehold land	-	103	619	305
Motor vehicles	12	144	144	72
Subtotal	12	750	4,409	2,650
Termination and change of lease				
Buildings	-	-	-	46,474
Leasehold land	-	-	-	306
Subtotal	-	-	-	46,780
Carrying amount at end of year/period				
Buildings	-	50,073	49,646	17,200
Leasehold land	-	19,545	18,926	18,315
Motor vehicles	420	276	132	60
Total	420	69,894	68,704	35,575

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Carrying amount at beginning of year/period	-	294	70,609	67,771
New leases	302	70,224	3,219	16,301
Accretion of interest recognised during the year/period (note 7)	1	396	2,321	204
Termination and change of lease	-	-	-	(46,772)
Payments	(9)	(305)	(8,378)	(23,306)
Carrying amount at end of year/period	<u>294</u>	<u>70,609</u>	<u>67,771</u>	<u>14,198</u>
	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Analysed into:				
Current portion	97	5,702	67,566	4,246
Non-current portion	<u>197</u>	<u>64,907</u>	<u>205</u>	<u>9,952</u>
Total	<u>294</u>	<u>70,609</u>	<u>67,771</u>	<u>14,198</u>

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities (note 7)	1	396	2,321	1,155	204
Depreciation charge of right-of-use assets (note 6)	12	750	4,409	1,802	2,650
Expense relating to short-term leases included in cost of sales, research and development expenses, selling and marketing expenses and administrative expenses (note 6)	<u>1,557</u>	<u>2,398</u>	<u>688</u>	<u>153</u>	<u>593</u>
Total amount recognised in profit or loss	<u>1,570</u>	<u>3,544</u>	<u>7,418</u>	<u>3,110</u>	<u>3,447</u>

(d) The total cash outflow for leases is disclosed in note 34(c) to the Historical Financial Information.

14. LEASES (continued)

The Company as a lessee

The Company has certain lease contracts for buildings for its plant. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company.

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Carrying amount at beginning of year/period			
Buildings	-	49,028	48,981
Leasehold land	-	19,545	18,926
Subtotal	-	68,573	67,907
Additions			
Buildings	49,436	3,219	16,301
Leasehold land	19,648	-	-
Subtotal	69,084	3,219	16,301
Depreciation charges			
Buildings	408	3,266	2,097
Leasehold land	103	619	305
Subtotal	511	3,885	2,402
Termination of leases			
Buildings	-	-	46,361
Leasehold land	-	-	306
Subtotal	-	-	46,667
Carrying amount at end of year/period			
Buildings	49,028	48,981	16,824
Leasehold land	19,545	18,926	18,315
Total	68,573	67,907	35,139

14. LEASES (continued)

The Company as a lessee (continued)

(b) Lease liabilities

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

	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Carrying amount at beginning of year/period	-	69,460	67,083
New leases	69,084	3,219	16,301
Accretion of interest recognised during the year/period	376	2,283	194
Termination of leases	-	-	(46,659)
Payments	-	(7,879)	(23,171)
Carrying amount at end of year/period	69,460	67,083	13,748
	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Analysed into:			
Current portion	5,240	67,083	3,878
Non-current portion	64,220	-	9,870
Total	69,460	67,083	13,748

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	-	376	2,283	1,133	194
Depreciation charge of right-of-use assets	-	511	3,885	1,540	2,402
Expense relating to short-term leases included in cost of sales, research and development expenses, selling expenses and administrative expenses	1,557	2,043	658	124	552
Total amount recognised in profit or loss	1,557	2,930	6,826	2,797	3,148

15. OTHER INTANGIBLE ASSETS

The Group and the Company

	Purchased software RMB'000
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	-
Additions	2,084
Amortisation provided during the year (note 6)	(104)
At 31 December 2023	<u>1,980</u>
At 31 December 2023:	
Cost	2,084
Accumulated amortisation	(104)
Net carrying amount	<u>1,980</u>
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,980
Additions	80
Amortisation provided during the year (note 6)	(212)
At 31 December 2024	<u>1,848</u>
At 31 December 2024:	
Cost	2,164
Accumulated amortisation	(316)
Net carrying amount	<u>1,848</u>
30 June 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,848
Additions	2,658
Amortisation provided during the period (note 6)	(131)
At 30 June 2025	<u>4,375</u>
At 30 June 2025:	
Cost	4,822
Accumulated amortisation	(447)
Net carrying amount	<u>4,375</u>

16. INVESTMENTS IN SUBSIDIARIES

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Investments, at cost	<u>6,010</u>	<u>21,210</u>	<u>22,230</u>	<u>22,230</u>

Details of the subsidiaries of the Company are disclosed in note 1 CORPORATE INFORMATION.

17. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

The Group and the Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Share of net assets of an associate	-	45	44	1,599
Share of net assets of a joint venture	-	-	2,850	2,274
Carrying amount	-	45	2,894	3,873

Particulars of the associate is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Hebei Keliyuan Hybrid Energy Storage Technology Co., Ltd.	Ordinary shares	PRC/ Mainland China	35%	Energy storage product development

Particulars of the joint venture is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Guangxi Jinneng Energy Investment Co., Ltd.	Ordinary shares	PRC/ Mainland China	34%	Energy storage product development

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Share of the losses of associate and joint venture for the year	-	(5)	(151)	(1)	(730)
Aggregate carrying amount of the Group's investments in associate and joint venture	-	45	2,894	44	3,873

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Unlisted equity investments, at fair value	-	1,680	1,680	1,680

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Wealth management products	-	7,002	89,909	-

The wealth management products issued by banks in Mainland China were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Wealth management products	-	7,001	89,909	-

20. INVENTORIES

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Raw materials	24,680	51,238	64,357	107,042
Work in progress	191	26,136	7,883	16,506
Finished goods	7,499	42,938	43,388	172,118
Total	32,370	120,312	115,628	295,666

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Raw materials	22,692	51,238	64,328	98,011
Work in progress	-	26,136	7,099	16,335
Finished goods	7,499	34,641	19,713	152,711
Total	30,191	112,015	91,140	267,057

21. TRADE AND BILLS RECEIVABLES

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Trade receivables	41,535	163,441	514,039	859,959
Impairment	(392)	(1,696)	(8,285)	(15,306)
	41,143	161,745	505,754	844,653
Bills receivable	447	4,020	14,703	107,629
Net carrying amount	41,590	165,765	520,457	952,282

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control system to minimise credit risk. Overdue balances are reviewed regularly by senior management. Account receivables are settled in accordance with the terms of the respective contracts. Notwithstanding that the Group has concentration of credit risk as further detailed in note 39 to the Historical Financial Information, the director of the Company is of the view that there has been no significant increase in credit risk of default because the amounts are from customers with good repayment history. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivables were all aged within six months and were neither past due nor impaired.

An ageing analysis of trade receivables as at the end of each of the Relevant Periods, based on the due date set out in the contracts and net of loss allowance, is as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Within 1 year	40,380	161,745	475,661	816,779
1 to 2 years	755	-	30,093	27,874
2 to 3 years	8	-	-	-
Total	41,143	161,745	505,754	844,653

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
At beginning of year/period	227	392	1,696	8,285
Impairment loss, net (note 6)	165	1,304	6,589	7,021
At end of year/period	392	1,696	8,285	15,306

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. In addition, when there exists an indicator of significant increase in credit risk in relation to a particular debtor, an impairment analysis is performed in respect of the corresponding outstanding receivable balance on an individual debtor basis.

21. TRADE AND BILLS RECEIVABLES (continued)

The Group (continued)

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

As at 31 December 2022

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.73%	-	11.07%	20.00%	0.94%
Gross carrying amount (RMB'000)	40,676	-	849	10	41,535
Expected credit losses (RMB'000)	296	-	94	2	392

As at 31 December 2023

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.96%	2.58%	-	-	1.04%
Gross carrying amount (RMB'000)	155,817	7,624	-	-	163,441
Expected credit losses (RMB'000)	1,499	197	-	-	1,696

As at 31 December 2024

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.83%	2.78%	10.23%	-	1.61%
Gross carrying amount (RMB'000)	435,829	44,686	33,524	-	514,039
Expected credit losses (RMB'000)	3,612	1,242	3,431	-	8,285

As at 30 June 2025

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.94%	4.18%	12.96%	-	1.78%
Gross carrying amount (RMB'000)	723,242	104,693	32,024	-	859,959
Expected credit losses (RMB'000)	6,784	4,372	4,150	-	15,306

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Trade receivables	37,144	93,623	443,759	785,342
Impairment	(115)	(597)	(4,308)	(11,268)
	37,029	93,026	439,451	774,074
Bills receivable	447	4,020	14,703	112,490
Net carrying amount	37,476	97,046	454,154	886,564

21. TRADE AND BILLS RECEIVABLES (continued)

The Company(continued)

The Company's bills receivables were all aged within six months and were neither past due nor impaired.

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
At beginning of year/period	227	115	597	4,308
Impairment loss, net	(112)	482	3,711	6,960
At end of year/period	<u>115</u>	<u>597</u>	<u>4,308</u>	<u>11,268</u>

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

As at 31 December 2022

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.05%	-	11.07%	20.00%	0.31%
Gross carrying amount (RMB'000)	36,285	-	849	10	37,144
Expected credit losses (RMB'000)	<u>19</u>	<u>-</u>	<u>94</u>	<u>2</u>	<u>115</u>

As at 31 December 2023

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.64%	0.00%	-	-	0.64%
Gross carrying amount (RMB'000)	93,610	13	-	-	93,623
Expected credit losses (RMB'000)	<u>597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597</u>

As at 31 December 2024

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.67%	2.43%	10.64%	-	0.97%
Gross carrying amount (RMB'000)	421,090	11,195	11,474	-	443,759
Expected credit losses (RMB'000)	<u>2,815</u>	<u>272</u>	<u>1,221</u>	<u>-</u>	<u>4,308</u>

As at 30 June 2025

	Ageing				
	Current and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Collectively assessed:					
Expected credit loss rate	0.84%	2.53%	8.34%	-	1.43%
Gross carrying amount (RMB'000)	609,528	146,421	29,393	-	785,342
Expected credit losses (RMB'000)	<u>5,117</u>	<u>3,700</u>	<u>2,451</u>	<u>-</u>	<u>11,268</u>

22. CONTRACT ASSETS

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Contract assets arising from energy storage systems business	-	785	40,267	66,031
Contract assets arising from EPC services	-	-	1,680	22,978
Impairment	-	(7)	(457)	(988)
Net carrying amount	-	778	41,490	88,021

Contract assets are initially recognised for revenue earned from the provision of energy storage systems business and EPC services as the receipt of consideration is conditional on successful completion of the warranty conditions. Included in contract assets for the provision of sales of certain products and EPC services are retention receivables. Upon completion of warranty conditions and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The Group's trading terms and credit policy with customers are disclosed in note 21 to the Historical Financial Information.

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Within one year	-	-	4,145	26,512
After one year	-	778	37,345	61,509
Total contract assets	-	778	41,490	88,021

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
At beginning of year/period	-	-	7	457
Impairment loss (note 6)	-	7	450	531
At end of year/period	-	7	457	988

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

22. CONTRACT ASSETS (continued)

The Group (continued)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Expected credit loss rate	-	0.89%	1.09%	1.11%
Gross carrying amount (RMB'000)	-	785	41,947	89,009
Expected credit losses (RMB'000)	-	7	457	988

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Contract assets arising from energy storage systems business	-	785	37,502	61,080
Impairment	-	(7)	(409)	(678)
Net carrying amount	-	778	37,093	60,402

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Within one year	-	-	3,874	6,180
After one year	-	778	33,219	54,222
Total contract assets	-	778	37,093	60,402

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
At beginning of year/period	-	-	7	409
Impairment loss	-	7	402	269
At end of year/period	-	7	409	678

Set out below is the information about the credit risk exposure on the Company's contract assets using a provision matrix:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Expected credit loss rate	-	0.89%	1.09%	1.11%
Gross carrying amount (RMB'000)	-	785	37,502	61,080
Expected credit losses (RMB'000)	-	7	409	678

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

		31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Current:					
Prepayments		14,368	6,704	62,613	41,882
Value-added-tax recoverable		1,464	4,096	10,918	22,377
Deposits	(a)	129	838	3,288	8,205
Loans to third parties	(a)	1,600	7,147	57,753	15,806
Staff advance	(a)	160	50	242	2,235
Other receivables and other assets	(a)	6,966	2,790	9,572	4,266
Subtotal - current		24,687	21,625	144,386	94,771
Impairment		(90)	(292)	(606)	(501)
Total - current		24,597	21,333	143,780	94,270
Non-current:					
Warranty receivables		-	-	-	10,000
Advance payments for property plant and equipment		-	9,586	-	-
Total - Non-current		-	9,586	-	10,000
Total		24,597	30,919	143,780	104,270

The Company

		31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Current:					
Prepayments		11,886	2,019	59,120	50,629
Value-added-tax recoverable		-	3,173	-	10,158
Deposits	(a)	129	722	2,872	8,094
Loan to third parties	(a)	1,600	7,147	47,574	8,641
Due to subsidiaries	(a)	563	7,061	39,452	5,551
Staff advance	(a)	140	50	242	1,125
Other receivables and other assets	(a)	40	125	6,734	3,553
Subtotal - current		14,358	20,297	155,994	87,751
Impairment		(90)	(264)	(467)	(170)
Total - current		14,268	20,033	155,527	87,581
Non-current:					
Warranty receivables		-	-	-	10,000
Advance payments for property, plant and equipment		-	9,586	-	-
Total - Non-current		-	9,586	-	10,000
Total		14,268	29,619	155,527	97,581

- (a) The financial assets included in the above balances mainly relate to loans, deposits and other receivables. In calculating the expected credit loss rate, the Group and the Company consider the historical loss rate and adjusts for forward-looking factors and information. During the Relevant Periods, the deposits and other receivables had no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

24. CASH AND CASH EQUIVALENTS

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Cash and bank balances	<u>8,257</u>	<u>26,242</u>	<u>68,842</u>	<u>100,834</u>
Less:				
Restricted bank deposits	<u>961</u>	<u>12,006</u>	<u>18,580</u>	<u>54,147</u>
Cash and cash equivalents	<u>7,296</u>	<u>14,236</u>	<u>50,262</u>	<u>46,687</u>
Denominated in RMB	4,573	26,191	60,510	94,628
Denominated in United States Dollar ("USD")	-	-	4,073	5,224
Denominated in Great Britain Pound ("GBP")	3,684	51	4,259	6
Denominated in European Dollar ("EUR")	<u>-</u>	<u>-</u>	<u>-</u>	<u>976</u>
	<u>8,257</u>	<u>26,242</u>	<u>68,842</u>	<u>100,834</u>

Certain of the restricted bank deposits are the security deposits for bank bills payable, and guarantee letters related to sales contracts. Certain of the deposits were restricted due to transaction dispute as at 31 December 2022.

At the end of each of the Relevant Periods, the Group's cash and cash equivalents and restricted bank deposits denominated in RMB amounted to RMB4,573,000, RMB26,191,000, RMB60,510,000 and RMB94,628,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Cash and bank balances	<u>937</u>	<u>15,326</u>	<u>49,768</u>	<u>86,643</u>
Less:				
Restricted bank deposits	<u>260</u>	<u>3,606</u>	<u>18,430</u>	<u>53,785</u>
Cash and cash equivalents	<u>677</u>	<u>11,720</u>	<u>31,338</u>	<u>32,858</u>

25. TRADE AND BILLS PAYABLES

The Group

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the date of service received/good purchased, is as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Within 1 year	21,818	132,641	435,533	828,399
1 to 2 years	2,404	143	3,354	22,205
Over 2 years	-	-	51	132
Total	<u>24,222</u>	<u>132,784</u>	<u>438,938</u>	<u>850,736</u>

The trade and bills payables are non-interest-bearing and are normally settled of not more than 3-6 months.

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Within 1 year	17,934	135,711	421,105	790,927
1 to 2 years	-	102	209	18,965
Over 2 years	2,763	2,182	2,132	10
Total	<u>20,697</u>	<u>137,995</u>	<u>423,446</u>	<u>809,902</u>

26. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Current					
Other taxes payable		353	416	2,820	3,237
Payroll and welfare payables		3,017	6,365	6,382	6,489
Other payables	(a)	2,202	6,467	8,047	9,108
Current portion of long-term payables	(b)	-	-	3,647	13,550
Subtotal		5,572	13,248	20,896	32,384
Non-current					
Long-term payables	(b)	-	-	16,893	34,786
Total		5,572	13,248	37,789	67,170

Notes:

- (a) The other payables are non-interest-bearing and have an average term of three months.
- (b) The long-term payables are due to equipment sale and leaseback financing and motor vehicle financing with pledge of related assets. The long-term payables are charged interest with effective rates from 4.60% to 6.08% per annum.

The Company

		31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Current					
Other taxes payable		271	60	2,112	427
Payroll and welfare payables		1,868	4,855	5,318	5,626
Other payables		3,443	15,470	18,146	23,747
Current portion of long-term payables		-	-	133	10,624
Subtotal		5,582	20,385	25,709	40,424
Non-current					
Long-term payables		-	-	407	17,939
Total		5,582	20,385	26,116	58,363

27. CONTRACT LIABILITIES

The Group

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Energy storage systems business	10,779	92	81,107	111,986
EPC	-	-	1,000	-
Total	<u>10,779</u>	<u>92</u>	<u>82,107</u>	<u>111,986</u>

The movements in contract liabilities during the Relevant Periods were mainly due to the movements in short-term advances received from customers in relation to energy storage systems business at the end of each of the Relevant Periods.

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Energy storage systems business	<u>10,779</u>	<u>92</u>	<u>80,822</u>	<u>110,429</u>

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Current				
Bank borrowings, unguaranteed and unsecured	511	767	20,250	60,193
Bank borrowings, guaranteed and unsecured	11,510	98,315	294,642	264,482
Bank borrowings, secured	-	32,539	-	-
Other borrowings, guaranteed and unsecured	25,000	-	-	-
Current portion of long-term bank borrowings, unguaranteed and unsecured	1,213	-	-	-
Current portion of long-term bank borrowings, guaranteed and unsecured	-	-	-	6,035
Current portion of long-term bank borrowings, secured	-	-	512	515
Subtotal	<u>38,234</u>	<u>131,621</u>	<u>315,404</u>	<u>331,225</u>
Non-current				
Bank borrowings, guaranteed and unsecured	-	-	-	39,000
Bank borrowings, secured	-	-	2,144	1,888
Subtotal	<u>-</u>	<u>-</u>	<u>2,144</u>	<u>40,888</u>
Total	<u>38,234</u>	<u>131,621</u>	<u>317,548</u>	<u>372,113</u>

Certain of the Group's bank borrowings and other borrowings are guaranteed or secured by:

- the guarantee provided by certain substantial shareholders, directors and chief executive of the Group and a third-party guarantee company, amounting to RMB36,510,000, RMB98,315,000, RMB294,642,000 and RMB309,517,000 at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. The directors confirm that the guarantees provided by certain substantial shareholders, directors and chief executive will be discharged in accordance with the confirmations from relevant banks, substantial shareholders, directors, chief executive and the Company, or otherwise the relevant borrowings will be repaid, before or upon the listing of the Company's shares on the Stock Exchange.
- the pledge of substantial shareholder's own real estate and the Company's trade receivables, amounting to RMB32,539,000 at 31 December 2023.
- the pledge of the Group's future trade receivables and equity of a subsidiary, amounting to a total of RMB2,656,000 and RMB2,403,000 at 31 December 2024 and 30 June 2025, respectively.

The Group's interest-bearing bank and other borrowings are all denominated in RMB. The non-current borrowings will be repaid by instalments over six years.

All of the Group's interest-bearing bank and other borrowings at the end of each of the Relevant Periods are charged interest with fixed rates, and accordingly the Group's interest-bearing bank borrowings and other borrowings had no interest rate risk exposure. The effective interest rates of the Group's interest-bearing bank borrowings and other borrowings at the end of each of the Relevant Periods are as follows:

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group (continued)

	2022 %	2023 %	2024 %	Six months ended 30 June 2025 %
Current				
Bank borrowings, unguaranteed and unsecured	4.62 – 4.62	3.45 – 4.62	3.45 – 3.50	2.10 – 3.50
Bank borrowings, guaranteed and unsecured	4.05 – 4.80	2.00 – 4.80	2.00 – 3.80	2.00 – 3.50
Bank borrowings, secured	N/A	3.00 – 3.80	N/A	N/A
Other borrowings, guaranteed and unsecured	6.00 – 8.00	N/A	N/A	N/A
Current portion of long-term bank borrowings, unguaranteed and unsecured	4.25 – 4.25	N/A	N/A	N/A
Current portion of long-term bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10
Current portion of long-term bank borrowings, secured	N/A	N/A	5.50 – 5.50	5.50 – 5.50
Non-current				
Bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10
Bank borrowings, secured	N/A	N/A	5.50 – 5.50	5.50 – 5.50

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Current				
Bank borrowings, unguaranteed and unsecured	511	767	-	39,940
Bank borrowings, guaranteed and unsecured	11,510	48,274	249,625	214,448
Bank borrowings, secured	-	15,000	-	-
Other borrowings, guaranteed and unsecured	25,000	-	-	-
Current portion of long-term bank borrowings, unguaranteed and unsecured	1,213	-	-	-
Current portion of long-term bank borrowings, guaranteed and unsecured	-	-	-	6,035
Subtotal	38,234	64,041	249,625	260,423
Non-current				
Bank borrowings, guaranteed and unsecured	-	-	-	39,000
Total	38,234	64,041	249,625	299,423

The effective interest rates of the Company's interest-bearing bank and other borrowings at the end of each of the Relevant Periods are as follow:

	2022 %	2023 %	2024 %	Six months ended 30 June 2025 %
Current				
Bank borrowings, unguaranteed and unsecured	4.62	3.45 – 4.62	N/A	2.10 – 2.98
Bank borrowings, guaranteed and unsecured	4.05 – 4.80	2.00 – 4.80	2.00 – 3.80	2.00 – 3.50
Bank borrowings, secured	N/A	-	N/A	N/A
Other borrowings, guaranteed and unsecured	6.00 – 8.00	N/A	N/A	N/A
Current portion of long-term bank borrowings, unguaranteed and unsecured	4.25	N/A	N/A	N/A
Current portion of long-term bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10
Non-current				
Bank borrowings, guaranteed and unsecured	N/A	N/A	N/A	3.10 – 3.10

29. PROVISION

The Group

	Warranties RMB'000
At 1 January 2022	-
Additional provision	183
Amounts utilised during the year	<u>-</u>
At 31 December 2022	183
Portion classified as current liabilities	<u>37</u>
Non-current portion	<u>146</u>
	Warranties RMB'000
At 1 January 2023	183
Additional provision	2,030
Amounts utilised during the year	<u>(63)</u>
At 31 December 2023	2,150
Portion classified as current liabilities	<u>819</u>
Non-current portion	<u>1,331</u>
	Warranties RMB'000
At 1 January 2024	2,150
Additional provision	3,217
Amounts utilised during the year	<u>(1,841)</u>
At 31 December 2024	3,526
Portion classified as current liabilities	<u>1,680</u>
Non-current portion	<u>1,846</u>
	Warranties RMB'000
At 1 January 2025	3,526
Additional provision	3,751
Amounts utilised during the period	<u>(574)</u>
At 30 June 2025	6,703
Portion classified as current liabilities	<u>2,595</u>
Non-current portion	<u>4,108</u>

29. PROVISION (continued)

The Company

	Warranties RMB'000
At 1 January 2022	-
Additional provision	183
Amounts utilised during the year	<u>-</u>
At 31 December 2022	183
Portion classified as current liabilities	<u>37</u>
Non-current portion	<u>146</u>
	Warranties RMB'000
At 1 January 2023	183
Additional provision	1,501
Amounts utilised during the year	<u>(63)</u>
At 31 December 2023	1,621
Portion classified as current liabilities	<u>709</u>
Non-current portion	<u>912</u>
	Warranties RMB'000
At 1 January 2024	1,621
Additional provision	3,172
Amounts utilised during the year	<u>(1,830)</u>
At 31 December 2024	2,963
Portion classified as current liabilities	<u>1,524</u>
Non-current portion	<u>1,439</u>

29. PROVISION (continued)

The Company (continued)

	Warranties RMB'000
At 1 January 2025	2,963
Additional provision	2,856
Amounts utilised during the period	<u>(554)</u>
At 30 June 2025	5,265
Portion classified as current liabilities	<u>2,023</u>
Non-current portion	<u><u>3,242</u></u>

The Group generally provides warranties of 2 to 5 years to its customers on certain of its energy storage system business and EPC services for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on the Group's recent claims, past warranty data and the weight of the probabilities of warranty risks occurring during different periods. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

30. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

The Group

	Impairment of asset RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Accelerated tax depreciation RMB'000	Tax losses RMB'000	Unrealised profit RMB'000	Share- based payment RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	34	-	-	-	-	-	-	-	-	34
Credited/(charged) to profit or loss (note 10)	66	15	(21)	(634)	-	-	-	-	27	(547)
At 31 December 2022 and 1 January 2023	100	15	(21)	(634)	-	-	-	-	27	(513)
Credited/(charged) to profit or loss (note 10)	310	10,652	(10,540)	(863)	-	-	543	-	348	450
At 31 December 2023 and 1 January 2024	410	10,667	(10,561)	(1,497)	-	-	543	-	375	(63)
Credited/(charged) to profit or loss (note 10)	1,408	(452)	202	(2,646)	-	1,428	620	-	422	982
At 31 December 2024 and 1 January 2025	1,818	10,215	(10,359)	(4,143)	-	1,428	1,163	-	797	919
Credited/(charged) to profit or loss (note 10)	1,192	(8,049)	7,738	86	2,272	(448)	349	118	512	3,770
At 30 June 2025	<u>3,010</u>	<u>2,166</u>	<u>(2,621)</u>	<u>(4,057)</u>	<u>2,272</u>	<u>980</u>	<u>1,512</u>	<u>118</u>	<u>1,309</u>	<u>4,689</u>

30. DEFERRED TAX (continued)

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

The Company

	Impairment of asset	Lease liabilities	Right-of-use assets	Accelerated tax depreciation	Tax losses	Share- based payment	Fair value reserve of financial assets at fair value through other comprehensive income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	34	-	-	-	-	-	-	-	34
Credited/(charged) to profit or loss	(3)	-	-	(634)	-	-	-	27	(610)
At 31 December 2022 and 1 January 2023	31	-	-	(634)	-	-	-	27	(576)
Credited/(charged) to profit or loss	102	10,419	(10,286)	(863)	-	543	-	216	131
At 31 December 2023 and 1 January 2024	133	10,419	(10,286)	(1,497)	-	543	-	243	(445)
Credited/(charged) to profit or loss	647	(357)	100	(2,646)	-	620	-	414	(1,222)
At 31 December 2024 and 1 January 2025	780	10,062	(10,186)	(4,143)	-	1,163	-	657	(1,667)
Credited/(charged) to profit or loss	1,040	(8,000)	7,663	86	2,272	349	118	293	3,821
At 30 June 2025	1,820	2,062	(2,523)	(4,057)	2,272	1,512	118	950	2,154

30. DEFERRED TAX (continued)

Certain deferred tax assets and liabilities have been offset on an individual entity basis and the Group's net deferred tax assets and liabilities presented in the consolidated statements of financial position are as follows:

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Net deferred tax assets	69	384	2,587	6,356
Net deferred tax liabilities	<u>(582)</u>	<u>(447)</u>	<u>(1,668)</u>	<u>(1,667)</u>
Total	<u>(513)</u>	<u>(63)</u>	<u>919</u>	<u>4,689</u>

The Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Net deferred tax liabilities	<u>(576)</u>	<u>(445)</u>	<u>(1,667)</u>	<u>2,154</u>

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

The Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Tax losses:				
Expiring in one to ten years	<u>464</u>	<u>12</u>	<u>469</u>	<u>416</u>

Tax losses arising in Mainland China will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

31. PAID-IN CAPITAL/SHARE CAPITAL

The paid-in capital/share capital of the Company as at the end of each Relevant Periods was RMB5,999,000, RMB16,326,000, RMB30,705,000 and RMB94,588,000, respectively. The movements are as follows:

	Notes	Numbers of ordinary shares	Paid-in capital/ share capital RMB'000
As at 1 January 2022		N/A	1,400
Capital contribution from shareholders	(a)	N/A	4,599
As at 31 December 2022		N/A	5,999
Capital contribution from shareholders	(b)	N/A	10,327
As at 31 December 2023		N/A	16,326
Capital contribution from shareholders	(c)	N/A	14,379
As at 31 December 2024		N/A	30,705
Issue of ordinary shares upon conversion into a joint stock company	(d)	90,000,000	59,295
Capital contribution from shareholders	(e)	4,588,235	4,588
As at 30 June 2025		<u>94,588,235</u>	<u>94,588</u>

Notes:

- (a) In January 2022, the Company received capital contributions of RMB2,000,000 in cash from Shanghai Youce Investment Consulting Co., Ltd., which was fully recognised in paid-in capital.

In August 2022, the Company received capital contributions of RMB999,000 in cash from Shenzhen Shangxing Investment Development Co., Ltd. ("Shenzhen Shangxing"), which was fully recognised in paid-in capital.

In November 2022, the Company received capital contributions of RMB1,600,000 in cash from Mr. Chen Junde, which was fully recognised in paid-in capital.

- (b) In June 2023, the Company received capital contributions of RMB1,000 in cash from Shenzhen Shangxing, which was fully recognised in paid-in capital.

In August 2023, the Company received capital contributions of RMB4,000,000, RMB400,000, RMB1,000,000, RMB800,000, RMB2,400,000 and RMB4,000,000 in cash from Ms. Zhang Panpan, Ms. Xu Siyue, Ms. Cui Yanan, Mr. Liu Xin, Ms. Zhou Qiong and Mr. Qiao Xin, respectively. Out of which RMB948,000 was credited to the Company's paid-in capital and RMB11,652,000 was credited to the Company's capital reserve, respectively.

In August 2023, the Company received capital contributions of RMB6,000,000 in cash from Mr. Lin Guodong. Out of which RMB1,750,000 was credited to the Company's paid-in capital and RMB 4,250,000 was credited to the Company's capital reserve, respectively.

In August 2023, the Company received capital contributions of RMB853,000, RMB563,000, RMB968,000, RMB1,122,000, RMB1,653,000 and RMB354,000 in cash from Mr. Liu Ziye, Mr. Zhang Xi, Mr. Feng Lizheng, Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership) and Wuxi Yuebai Management Consulting Partnership Enterprise (Limited Partnership), respectively. Out of which RMB4,713,000 was credited to the Company's paid-in capital and RMB800,000 was credited to the Company's capital reserve, respectively.

In August 2023, the Company received capital contributions of RMB10,000,000 in cash from Mr. Cai Guoming. Out of which RMB2,916,000 was credited to the Company's paid-in capital and RMB 7,084,000 was credited to the Company's capital reserve, respectively.

31. PAID-IN CAPITAL/SHARE CAPITAL (continued)

Notes:(continued)

- (c) In March 2024, the Company received capital contributions of RMB30,000,000 in cash from Kaibo Hongcheng (Hubei) Private Equity Investment Fund Partnership Enterprise (Limited Partnership) ("Kaibo Hongcheng"), out of which RMB602,000 was credited to the Company's paid-in capital and RMB29,398,000 was credited to the Company's capital reserve.

In July 2024, the Company received capital contributions of RMB200,000 in cash from Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership), which was fully recognised in paid-in capital.

In October 2024, the Company received capital contributions of RMB200,000, RMB3,450,000, RMB450,000, RMB45,000 and RMB9,432,000 in cash from Mr. Liu Ziye, Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership), Wuxi Yuebai Management Consulting Partnership Enterprise (Limited Partnership) and Hainan Xuding Information Management Consulting Co., Ltd., respectively, which was fully recognised in paid-in capital.

- (d) In March 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date amounting to RMB96,211,000 were converted into 90,000,000 ordinary shares at RMB1.00 each. The excess of net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

- (e) In March 2025, the Company received capital contributions of RMB70,000,000 in cash from Kaibo Hongcheng, out of which RMB4,117,000 was credited to the Company's share capital which were converted into 4,117,000 ordinary shares at RMB1.00 each and RMB65,883,000 was credited to the Company's capital reserve.

In April 2025, the Company received capital contributions of RMB30,000,000 in cash from Shenzhen Ningqian Investment Management Co., Ltd ("Shenzhen Ningqian"), out of which RMB471,000 was credited to the Company's share capital which were converted into 471,000 ordinary shares at RMB1.00 each and RMB29,529,000 was credited to the Company's capital reserve.

32. SHARE AWARD SCHEMES

2022 Share award scheme

On 30 December 2022, the Company adopted the share award scheme (the “2022 Plan”) for the purpose of providing incentives and rewards to eligible participants, in which selected employees of the Company are entitled to participate.

Wuxi Xiyun Management Consulting Partnership Enterprise (Limited Partnership) (“Wuxi Xiyun”) and Wuxi Luanhua Management Consulting Partnership Enterprise (Limited Partnership) (“Wuxi Luanhua”) were both established on 8 June 2023 by certain members of the then management and key employees of the Company as long-term equity incentive platforms under the 2022 Plan. The Company also granted certain restricted shares directly to Mr Zhang Xi, a management of the Company, under the 2022 Plan at RMB1.00 per share. Pursuant to the 2022 Plan the subscription price at RMB1.00 per share for restricted shares were paid by the eligible participants to Wuxi Xiyun and Wuxi Luanhua, respectively, and the consideration paid by the eligible participants was then used by these equity incentive platforms to obtain paid-in capital of the Company through (i) capital contributions to the Company or (ii) acquisition of the paid-in capital of the Company from the major shareholder of the Company.

These granted restricted shares of the Company will vest at the end of the 5-year service period from the date when grantees indirectly hold the equity of the Company through the platforms.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted share units. The Group accounts for the 2022 Plan as an equity-settled plan.

Restricted shares confer rights on the holders to dividends or to vote at shareholders' meetings.

The following restricted shares were outstanding under the 2022 Plan during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	Grant price per share RMB	Number of restricted shares '000	Grant price per share RMB	Number of restricted shares '000	Grant price per share RMB	Number of restricted shares '000
At beginning of year	-	-	1	7,438	1	7,438
Granted during the year	1	7,438	-	-	-	-
At end of year	1	7,438	1	7,438	1	7,438

	Six months ended 30 June 2024		Six months ended 30 June 2025	
	Grant price per share RMB (unaudited)	Number of restricted shares '000	Grant price per share RMB	Number of restricted shares '000
At beginning of period	1	7,438	1	7,438
Granted during the period	-	-	-	-
At end of period	1	7,438	1	7,438

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, share award expenses under the 2022 Plan of nil, RMB3,617,000, RMB3,617,000, RMB1,809,000 (unaudited) and RMB1,808,000, respectively, were charged to profit or loss.

The fair value of the restricted shares granted to employees under the 2022 Plan as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using the recent transaction price method to determine the underlying equity fair value of the Company.

32. SHARE AWARD SCHEME (continued)

2024 Share award scheme

On 30 June 2024, the Company adopted another share award scheme (the “2024 Plan”) for the same purpose.

Wuxi Jiqing Management Consulting Partnership (Limited Partnership) (“Wuxi Jiqing”) was established on 14 October 2024 by certain members of the then management and key employees of the Company as a long-term equity incentive platform under the 2024 Plan. Pursuant to the 2024 Plan the subscription price at RMB5.00 per share for the restricted shares were paid by the eligible participants to Wuxi Jiqing and the consideration paid by the eligible participants was then used by this equity incentive platform contributed by the platform to the company to acquire the paid in capital of the Company from the major shareholder of the Company.

These restricted granted shares of the Company will vest at the end of the 5-year service period from the date when grantees indirectly hold the equity of the Company through the platform.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these restricted share units. The Group accounts for the 2024 Plan as an equity-settled plan.

Restricted shares confer rights on the holders to dividends or to vote at shareholders' meetings.

The following restricted share units were outstanding under the 2024 Plan during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December 2024		Six months ended 30 June 2024		Six months ended 30 June 2025	
	Grant price per share RMB	Number of restricted shares '000	Grant price per share RMB (unaudited)	Number of restricted shares '000	Grant price per share RMB	Number of restricted shares '000
At beginning of year/period	-	-	-	-	5	527
Granted during the period	5	527	5	527	-	-
At end of year	5	527	5	527	5	527

During the year ended 31 December 2024 and the six months ended 30 June 2024 and 2025, share award expenses under the 2024 Plan of RMB516,000, nil (unaudited) and RMB516,000, respectively, were charged to profit or loss.

The fair value of the restricted shares granted to employees under the 2024 Plan as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using the discounted cash flow method to determine the underlying equity fair value of the Company, with the assistance of an independent third-party valuation firm. The following table lists the inputs to the model used to estimate the fair value of restricted shares granted during the Relevant Periods and the six months ended 30 June 2024:

	2024
Dividend yield (%)	0%
Expected volatility (%)	53.23%
Risk-free interest rate (%)	2.4%
Discount rate	15%

33. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share-based payment reserve

Share-based payment reserve is attributable to the fair value of the restricted shares of the Company granted to the Group's employees, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

(b) Statutory reserve

Statutory reserve represents the amount set aside from the retained profits by certain subsidiaries established in the PRC and is not distributable as dividend. In accordance with the relevant regulations, the Company's subsidiaries established in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to statutory reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, or cash dividends.

(c) Capital reserve

The capital reserve represents the capital premium of the Company, as further explained in note 31 to the Historical Financial Information.

The Company

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Statutory reserves RMB'000	Share-based payment reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 1 January 2022	-	-	-	(1,442)	(1,442)
Profit for the year	-	-	-	12,631	12,631
Total comprehensive income for the year	-	-	-	12,631	12,631
Appropriation of statutory reserves	-	1,119	-	(1,119)	-
At 31 December 2022 and 1 January 2023	-	1,119	-	10,070	11,189
Profit for the year	-	-	-	25,814	25,814
Total comprehensive income for the year	-	-	-	25,814	25,814
Capital reserve	23,786	-	-	-	23,786
Equity-settled share award expense	-	-	3,617	-	3,617
Appropriation of statutory reserves	-	2,582	-	(2,582)	-
At 31 December 2023 and 1 January 2024	23,786	3,701	3,617	33,302	64,406
Profit for the year	-	-	-	45,786	45,786
Total comprehensive income for the year	-	-	-	45,786	45,786
Capital reserve	29,399	-	-	-	29,399
Equity-settled share award expense	-	-	4,133	-	4,133
Appropriation of statutory reserves	-	4,579	-	(4,579)	-
At 31 December 2024	53,185	8,280	7,750	74,509	143,724

33. RESERVES (continued)

The Company (continued)

A summary of the Company's reserves is as follows:(continued)

	Capital reserve	Statutory reserves	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	(Accumulated losses)/ retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	53,185	8,280	7,750	-	74,509	143,724
Loss for the period	-	-	-	-	(8,573)	(8,573)
Other comprehensive loss for the period: Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(666)	-	(666)
Total comprehensive loss for the period	-	-	-	(666)	(8,573)	(9,239)
Capital reserve	95,412	-	-	-	-	95,412
Conversion into a joint stock company	(46,974)	(3,701)	(6,975)	-	(1,645)	(59,295)
Equity-settled share award expense	-	-	2,324	-	-	2,324
At 30 June 2025	101,623	4,579	3,099	(666)	64,291	172,926

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Additions to right-of-use assets and lease liabilities	432	70,224	3,219	-	16,301
Additions to long-term payables	-	-	-	-	29,000
Endorsed bills receivables	13,500	8,811	50,495	16,721	129,468

(b) Changes in liabilities arising from financing activities

(i) Lease liabilities

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	-	294	70,609	70,609	67,771
New leases	302	70,224	3,219	-	16,301
Interest expenses	1	396	2,321	1,155	204
Termination of leases	-	-	-	-	(46,772)
Changes from financing cash flows	(9)	(305)	(8,378)	(5,104)	(23,306)
At end of year/period	294	70,609	67,771	66,660	14,198

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

(ii) Interest-bearing bank and other borrowings

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	1,379	38,234	131,621	131,621	317,548
Changes from financing cash flows	36,855	93,387	185,927	66,661	54,565
At end of year/period	38,234	131,621	317,548	198,282	372,113

(iii) Other payables and accruals

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	3,541	5,572	13,248	13,248	37,789
Additions to long-term payables	-	-	-	-	29,000
Within operating activities	2,031	6,655	5,623	21,769	1,251
Within investing activities	-	1,021	(1,622)	-	-
Within financing activities	-	-	20,540	60	(870)
At end of year/period	5,572	13,248	37,789	35,077	67,170

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	1,605	1,508	1,969	512	1,246
Within financing activities	9	305	8,378	5,104	23,306
Total	1,614	1,813	10,347	5,616	24,552

35. COMMITMENTS

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

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Contracted, but not provided for:				
Improvement for buildings and plants	-	4,481	-	118
Purchase for constructions	-	-	1,055	10,800
Unpaid capital of investments in associate and joint venture	-	950	1,350	10,100
Total	-	5,431	2,405	21,018

36. RELATED PARTY TRANSACTIONS

- (a) In addition to the guarantee provided by the shareholders as detailed in note 28 to the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loan to the director	-	13,000	-	-	-
Loan to key management personnel	90	-	-	-	-
Sales of products to an associate	-	-	-	-	1,878

All these transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

- (b) Outstanding balances with related parties

The Group had the following outstanding balances with related parties as at the end of each of the Relevant Periods:

Trade Receivables

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Trade Receivables of an associate	-	-	-	3,389

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term employee benefits	1,034	1,740	1,235	618	2,719
Equity-settled share award expense	-	1,868	1,868	934	1,406
Post-employment benefits	13	16	28	14	55
Total	1,047	3,624	3,131	1,566	4,180

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

As at 31 December 2022

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	-	447	41,143	41,590
Financial assets included in prepayments other receivables and other assets	-	-	8,765	8,765
Cash and cash equivalents	-	-	7,296	7,296
Restricted bank deposits	-	-	961	961
Total	-	447	58,165	58,612

As at 31 December 2023

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Debt investments RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	7,002	-	-	-	7,002
Equity investments at fair value through other comprehensive income	-	-	1,680	-	1,680
Trade and bills receivables	-	4,020	-	161,745	165,765
Financial assets included in prepayments other receivables and other assets	-	-	-	10,533	10,533
Cash and cash equivalents	-	-	-	14,236	14,236
Restricted bank deposits	-	-	-	12,006	12,006
Total	7,002	4,020	1,680	198,520	211,222

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets (continued)

As at 31 December 2024

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Debt investments RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	89,909	-	-	-	89,909
Equity investments at fair value through other comprehensive income	-	-	1,680	-	1,680
Trade and bills receivables	-	14,703	-	505,754	520,457
Financial assets included in prepayments other receivables and other assets	-	-	-	70,249	70,249
Cash and cash equivalents	-	-	-	50,262	50,262
Restricted bank deposits	-	-	-	18,580	18,580
Total	<u>89,909</u>	<u>14,703</u>	<u>1,680</u>	<u>644,845</u>	<u>751,137</u>

As at 30 June 2025

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Debt investments RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	-	-	1,680	-	1,680
Trade and bills receivables	-	107,629	-	844,653	952,282
Financial assets included in prepayments other receivables and other assets	-	-	-	38,756	38,756
Cash and cash equivalents	-	-	-	46,687	46,687
Restricted bank deposits	-	-	-	54,147	54,147
Total	<u>-</u>	<u>107,629</u>	<u>1,680</u>	<u>984,243</u>	<u>1,093,552</u>

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

As at 31 December 2022

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	24,222
Financial liabilities included in other payables and accruals	2,202
Interest-bearing bank and other borrowings	38,234
Lease liabilities	<u>294</u>
Total	<u>64,952</u>

As at 31 December 2023

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	132,784
Financial liabilities included in other payables and accruals	6,467
Interest-bearing bank and other borrowings	131,621
Lease liabilities	<u>70,609</u>
Total	<u>341,481</u>

As at 31 December 2024

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	438,938
Financial liabilities included in other payables and accruals	28,587
Interest-bearing bank and other borrowings	317,548
Lease liabilities	<u>67,771</u>
Total	<u>852,844</u>

As at 30 June 2025

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	850,736
Financial liabilities included in other payables and accruals	57,444
Interest-bearing bank and other borrowings	372,113
Lease liabilities	<u>14,198</u>
Total	<u>1,294,491</u>

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 30 June 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “Endorsed Bills”) with carrying amounts of nil, RMB4,020,000, RMB10,399,000 and RMB104,622,000, respectively to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the year/period to which the suppliers have recourse were nil, RMB15,534,000, RMB14,791,000 and RMB105,579,000, at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 30 June 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB13,500,000, RMB8,811,000, RMB50,495,000, and RMB129,468,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods or cumulatively. The endorsement has been made evenly throughout the Relevant Periods.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Financial assets:				
Bills receivable				
Carrying amount	447	4,020	14,703	107,629
Fair value	<u>447</u>	<u>4,020</u>	<u>14,703</u>	<u>107,629</u>
Equity investments at fair value through other comprehensive income				
Carrying amount	-	1,680	1,680	1,680
Fair value	<u>-</u>	<u>1,680</u>	<u>1,680</u>	<u>1,680</u>
Financial investments at fair value through profit or loss				
Carrying amount	-	7,002	89,909	-
Fair value	<u>-</u>	<u>7,002</u>	<u>89,909</u>	<u>-</u>
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings				
Carrying amount	-	-	2,144	40,888
Fair value	<u>-</u>	<u>-</u>	<u>2,131</u>	<u>40,693</u>
Non-current portion of financial liabilities included in other payables and accruals				
Carrying amount	-	-	16,893	34,786
Fair value	<u>-</u>	<u>-</u>	<u>16,893</u>	<u>34,697</u>

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

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

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

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

The fair values of the non-current portion of bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of wealth management products issued by commercial banks operating in Mainland China included in financial assets at fair value through profit or loss have been estimated using the quotations provided by the relevant commercial banks, which requires the directors to estimate the expected yield and discount rate.

The fair value of bills receivable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

31 December 2023	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/book value multiple of peers	1.4	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB168,000
		Discount for lack of marketability	26.2%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB60,000
31 December 2024	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/sales multiple of peers	1.9	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB168,000
		Discount for lack of marketability	25.6%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB58,000
30 June 2025	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments at fair value through other comprehensive income	Valuation multiples	Average price/sales multiple of peers	1.8	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB168,000
		Discount for lack of marketability	20.0%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB44,000

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

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial assets:

Assets measured at fair value:

As at 31 December 2022

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Bills receivable	-	447	-	447

As at 31 December 2023

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial investments at fair value through profit or loss	-	7,002	-	7,002
Equity investments designated at fair value through other comprehensive income	-	-	1,680	1,680
Bills receivable	-	4,020	-	4,020
Total	-	11,022	1,680	12,702

As at 31 December 2024

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets:				
Financial investments at fair value through profit or loss	-	89,909	-	89,909
Equity investments designated at fair value through other comprehensive income	-	-	1,680	1,680
Bills receivable	-	14,703	-	14,703
Total	-	104,612	1,680	106,292
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings	-	2,131	-	2,131
Non-current portion of financial liabilities included in other payables and accruals	-	16,893	-	16,893
Total	-	19,024	-	19,024

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The following table illustrates the fair value measurement hierarchy of the Group's financial assets:(continued)

Assets measured at fair value:(continued)

As at 30 June 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets:				
Equity investments designated at fair value through other comprehensive income	-	-	1,680	1,680
Bills receivable	-	107,629	-	107,629
Total	-	107,629	1,680	109,309
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings	-	40,693	-	40,693
Non-current portion of financial liabilities included in other payables and accruals	-	34,697	-	34,697
Total	-	75,390	-	75,390

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, and trade and bills payables, which arise directly from its operations.

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

Foreign currency risk

The Group mainly operates in Mainland China with most of the Group's monetary assets, liabilities and transactions principally denominated in RMB, GBP, USD and EUR. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's profit before tax in response to reasonably possible changes in the GBP, USD and EUR exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant:

31 December 2022	Changes in exchange rate %	(Decrease)/ increase in profit before tax RMB'000
If the RMB weakens against the GBP	5	2,745
If the RMB strengthens against the GBP	(5)	(2,745)
31 December 2023	Changes in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
If the RMB weakens against the GBP	5	2,567
If the RMB strengthens against the GBP	(5)	(2,567)
If the RMB weakens against the USD	5	2,117
If the RMB strengthens against the USD	(5)	(2,117)
31 December 2024	Changes in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
If the RMB weakens against the GBP	5	4,475
If the RMB strengthens against the GBP	(5)	(4,475)
If the RMB weakens against the USD	5	6,502
If the RMB strengthens against the USD	(5)	(6,502)
If the RMB weakens against the EUR	5	480
If the RMB strengthens against the EUR	(5)	(480)
30 June 2025	Changes in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
If the RMB weakens against the GBP	5	5,578
If the RMB strengthens against the GBP	(5)	(5,578)
If the RMB weakens against the USD	5	7,752
If the RMB strengthens against the USD	(5)	(7,752)
If the RMB weakens against the EUR	5	994
If the RMB strengthens against the EUR	(5)	(994)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	447	-	-	41,535	41,982
Financial assets included in prepayments, other receivables and other assets					
- Normal [#]	8,855	-	-	-	8,855
Cash and cash equivalents	7,296	-	-	-	7,296
Restricted bank deposits	961	-	-	-	961
Total	17,559	-	-	41,535	59,094

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	4,020	-	-	163,441	167,461
Contract assets*	-	-	-	785	785
Financial assets included in prepayments, other receivables and other assets					
- Normal [#]	10,825	-	-	-	10,825
Cash and cash equivalents	14,236	-	-	-	14,236
Restricted bank deposits	12,006	-	-	-	12,006
Total	41,087	-	-	164,226	205,313

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	14,703	-	-	514,039	528,742
Contract assets*	-	-	-	41,947	41,947
Financial assets included in prepayments, other receivables and other assets					
- Normal [#]	70,855	-	-	-	70,855
Cash and cash equivalents	50,262	-	-	-	50,262
Restricted bank deposits	18,580	-	-	-	18,580
Total	154,400	-	-	555,986	710,386

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	107,629	-	-	859,959	967,588
Contract assets*	-	-	-	89,009	89,009
Financial assets included in prepayments, other receivables and other assets					
- Normal [#]	35,157	-	-	-	35,157
- Doubtful [#]	-	4,100	-	-	4,100
Cash and cash equivalents	46,687	-	-	-	46,687
Restricted bank deposits	54,147	-	-	-	54,147
Total	243,620	4,100	-	948,968	1,196,688

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 and note 22 to the Historical Financial Information.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 21 to the Historical Financial Information.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

As at 31 December 2022

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade and bills payables	24,222	-	24,222
Financial liabilities included in other payables and accruals	2,202	-	2,202
Interest-bearing bank and other borrowings	39,688	-	39,688
Lease liabilities	106	204	310
Total	66,218	204	66,422

As at 31 December 2023

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade and bills payables	132,784	-	132,784
Financial liabilities included in other payables and accruals	6,467	-	6,467
Interest-bearing bank and other borrowings	136,626	-	136,626
Lease liabilities	5,902	66,181	72,083
Total	281,779	66,181	347,960

As at 31 December 2024

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade and bills payables	438,938	-	438,938
Financial liabilities included in other payables and accruals	11,694	23,114	34,808
Interest-bearing bank and other borrowings	326,867	2,728	329,595
Lease liabilities	67,626	207	67,833
Total	845,125	26,049	871,174

As at 30 June 2025

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade and bills payables	850,736	-	850,736
Financial liabilities included in other payables and accruals	22,410	40,219	62,629
Interest-bearing bank and other borrowings	336,012	49,146	385,158
Lease liabilities	4,716	10,855	15,571
Total	1,213,874	100,220	1,314,094

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings and lease liabilities. Capital includes equity. At the end of each of the Relevant Periods, the gearing ratios are as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Interest-bearing bank and other borrowings	38,234	131,621	317,548	372,113
Lease liabilities	294	70,609	67,771	14,198
Debt	38,528	202,230	385,319	386,311
Capital	28,785	94,663	192,792	299,970
Gearing ratio	133.8%	213.6%	199.9%	128.8%

40. EVENTS AFTER THE RELEVANT PERIODS

As at the date of this report, there was no material subsequent event undertaken by the Group after 30 June 2025.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2025.