Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF Red Avenue New Materials Group Co., Ltd. AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Red Avenue New Materials Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-102, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (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 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-102 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 September 2026 (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* as 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.

EY安永

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 2023, 2024 and 2025 and 30 June 2026 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, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 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* as 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-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants
Hong Kong
21 September 2026

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 as 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Six months ended 30 June	
		2023	**2024**	**2025**	**2025**	**2026**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	5	2,937,334	3,263,380	3,420,577	1,650,517	2,133,064
Cost of sales		(2,252,274)	(2,467,523)	(2,606,985)	(1,229,972)	(1,645,635)
Gross profit		685,060	795,857	813,592	420,545	487,429
Other income and gains	5	62,504	168,053	119,536	58,876	68,414
Other expenses	7	(14,978)	(108,650)	(53,095)	(6,375)	(30,411)
Selling and marketing expenses		(92,430)	(112,039)	(118,296)	(56,141)	(59,254)
Administrative expenses		(183,670)	(194,582)	(195,492)	(98,502)	(90,204)
Research and development expenses		(179,780)	(216,572)	(232,512)	(117,419)	(118,384)
Fair value gains/(losses) on financial assets at fair value through profit or loss		12,058	1,836	(6,003)	—	(12,401)
(Provision)/reversal of impairment on financial assets, net		(4,281)	(806)	(347)	878	(904)
Finance costs	8	(84,085)	(97,323)	(108,545)	(52,668)	(46,273)
Share of profits of associates		226,587	314,392	382,112	219,496	205,964
PROFIT BEFORE TAX	6	426,985	550,166	600,950	368,690	403,976
Income tax	11	(22,867)	(15,981)	(23,689)	(10,417)	(14,880)
PROFIT FOR THE YEAR/ PERIOD		404,118	534,185	577,261	358,273	389,096
Attributable to:						
Owners of the parent		406,598	516,772	562,549	350,909	389,035
Non-controlling interests		(2,480)	17,413	14,712	7,364	61
		404,118	534,185	577,261	358,273	389,096
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13					
Basic (RMB per share)		0.68	0.86	0.94	0.59	0.63
Diluted (RMB per share)		0.68	0.86	0.93	0.59	0.63

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	404,118	534,185	577,261	358,273	389,096
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income/(loss) of associates	11,103	10,219	22,293	24,273	(73,095)
Transfer of fair value reserve upon the disposal of debt instruments at fair value through other comprehensive income, net of tax	218	—	—	—	—
Exchange differences on translation of foreign operations	5,870	3,085	(2,848)	(1,337)	(22,271)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	17,191	13,304	19,445	22,936	(95,366)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	(13,709)	2,887	(902)	—	(726)
Share of other comprehensive loss of associates	—	—	(1,017)	—	(1,927)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(13,709)	2,887	(1,919)	—	(2,653)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	3,482	16,191	17,526	22,936	(98,019)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	407,600	550,376	594,787	381,209	291,077
Attributable to:					
Owners of the parent	410,080	532,963	579,414	373,845	297,658
Non-controlling interests	(2,480)	17,413	15,373	7,364	(6,581)
	407,600	550,376	594,787	381,209	291,077

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	2,086,039	2,105,204	2,372,485	2,543,095
Investment properties	15	5,049	4,101	3,153	2,679
Right-of-use assets	16(a)	285,750	276,718	262,210	249,644
Goodwill	17	437,441	437,441	437,441	437,441
Intangible assets	18	132,066	204,940	181,173	182,795
Investments in associates	19	1,580,241	2,131,238	2,531,910	2,554,847
Equity investments designated at fair value through other comprehensive income	21	75,456	45,412	31,741	27,493
Financial assets at fair value through profit or loss	22	109,572	128,634	122,631	140,230
Prepayments, other receivables and other assets	26	25,255	52,218	50,963	49,033
Deferred tax assets	23	52,660	69,469	88,105	98,847
Total non-current assets		4,789,529	5,455,375	6,081,812	6,286,104
CURRENT ASSETS					
Inventories	24	430,729	486,214	581,433	581,893
Trade and bills receivables	25	1,008,741	1,064,924	1,073,041	1,333,134
Due from related companies	43	100,145	145,136	124,024	137,366
Prepayments, other receivables and other assets	26	88,094	82,786	113,266	117,105
Financial assets at fair value through profit or loss	22	143,736	—	—	2,000
Tax recoverable		28,944	888	5,522	13,076
Time deposits	27	43,629	634,591	738,737	599,773
Pledged deposits	27	38,922	36,004	24,750	24,918
Cash and cash equivalents	27	661,436	503,209	476,150	435,686
Total current assets		2,544,376	2,953,752	3,136,923	3,244,951
CURRENT LIABILITIES					
Trade and bills payables	28	652,452	528,632	572,761	589,038
Contract liabilities	29	3,405	3,368	4,995	4,160
Other payables and accruals	30	284,295	349,051	359,546	320,668
Interest-bearing bank and other borrowings	31	847,966	1,876,719	2,114,739	2,770,663
Lease liabilities	16(b)	8,244	9,616	10,178	7,101
Tax payable		11,885	17,150	11,570	8,338
Total current liabilities		1,808,247	2,784,536	3,073,789	3,699,968
NET CURRENT ASSETS/(LIABILITIES)		736,129	169,216	63,134	(455,017)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,525,658	5,624,591	6,144,946	5,831,087

	Notes	As at 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	31	1,806,800	1,955,810	1,675,601	1,310,608
Lease liabilities	16(b)	50,140	45,481	36,979	29,856
Deferred income	33	110,361	112,778	113,962	112,934
Deferred taxes liabilities	23	53,461	51,192	59,713	60,740
Total non-current liabilities		2,020,762	2,165,261	1,886,255	1,514,138
Net assets		3,504,896	3,459,330	4,258,691	4,316,949
EQUITY					
Equity attributable to owners of the parent					
Share capital	34	599,831	599,081	616,108	616,083
Treasury shares	35	(100,008)	(131,521)	(104,816)	(104,478)
Other equity instruments	32	55,362	55,344	—	—
Reserves	36	2,852,806	2,831,056	3,675,024	3,687,608
		3,407,991	3,353,960	4,186,316	4,199,213
Non-controlling interests		96,905	105,370	72,375	117,736
Total equity		3,504,896	3,459,330	4,258,691	4,316,949

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34)	Treasury shares RMB'000 (note 35)	Other equity instruments RMB'000 (note 32)	Share premium* RMB'000	Share-based payments reserve* RMB'000	Fair value reserve* RMB'000 (note 36(a))	Exchange fluctuation reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 36(b))	Capital and other reserve* RMB'000 (note 36(c))	Other comprehensive income* RMB'000 (note 36(d))	Special reserve — safety production fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	596,122	(60,144)	55,374	1,174,996	10,052	(6,463)	12,464	109,863	(235,499)	(39,271)	—	1,424,012	3,041,506	100,625	3,142,131
Profit/(loss) for the year	—	—	—	—	—	—	—	—	—	—	—	406,598	406,598	(2,480)	404,118
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	5,870	—	—	—	—	—	5,870	—	5,870
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	(13,709)	—	—	—	—	—	—	(13,709)	—	(13,709)
Transfer of fair value reserve upon the disposal of debt instruments at fair value through other comprehensive income, net of tax	—	—	—	—	—	218	—	—	—	—	—	—	218	—	218
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	11,103	—	—	11,103	—	11,103
Total comprehensive income for the year	—	—	—	—	—	(13,491)	5,870	—	—	11,103	—	406,598	410,080	(2,480)	407,600
Restricted shares (as defined in note 37) granted under share award scheme	4,768	(70,948)	—	66,180	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	3	—	(12)	125	—	—	—	—	—	—	—	—	116	—	116
Repurchase and cancellation of treasury shares	(1,062)	31,084	—	(30,022)	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	3,814	—	—	—	—	—	—	—	3,814	550	4,364
Liquidation of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,790)	(1,790)
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	20,807	(20,807)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(20,807)	20,807	—	—	—
Appropriation of statutory surplus reserve	—	—	—	—	—	—	—	67,119	—	—	—	(67,119)	—	—	—
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(47,525)	(47,525)	—	(47,525)
At 31 December 2023	599,831	(100,008)	55,362	1,211,279	13,866	(19,954)	18,334	176,982	(235,499)	(28,168)	—	1,715,966	3,407,991	96,905	3,504,896

Year ended 31 December 2024

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34)	Treasury shares RMB'000 (note 35)	Other equity instruments RMB'000 (note 32)	Share premium* RMB'000	Share-based payments reserve* RMB'000	Fair value reserve* RMB'000 (note 36(a))	Exchange fluctuation reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 36(b))	Capital and other reserve* RMB'000 (note 36(c))	Other comprehensive income* RMB'000 (note 36(d))	Special reserve — safety production fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	599,831	(100,008)	55,362	1,211,279	13,866	(19,954)	18,334	176,982	(235,499)	(28,168)	—	1,715,966	3,407,991	96,905	3,504,896
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	516,772	516,772	17,413	534,185
Other comprehensive income for the year:															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	3,085	—	—	—	—	—	3,085	—	3,085
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	2,887	—	—	—	—	—	—	2,887	—	2,887
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	10,219	—	—	10,219	—	10,219
Total comprehensive income for the year	—	—	—	—	—	2,887	3,085	—	—	10,219	—	516,772	532,963	17,413	550,376
Repurchase of ordinary shares	—	(80,492)	—	—	—	—	—	—	—	—	—	—	(80,492)	—	(80,492)
Restricted shares (as defined in note 37) granted under share award scheme	237	(3,531)	—	3,294	—	—	—	—	—	—	—	—	—	—	—
Repurchase and cancellation of treasury shares	(993)	29,060	—	(28,067)	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	6	—	(18)	198	—	—	—	—	—	—	—	—	186	—	186
Vesting of restricted shares (as defined in note 37)	—	23,450	—	25,279	(25,279)	—	—	—	—	—	—	—	23,450	—	23,450
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(501,420)	(501,420)	—	(501,420)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	(79,753)	—	—	—	(79,753)	(11,053)	(90,806)
Share-based payments	—	—	—	—	40,995	—	—	—	—	—	—	—	40,995	2,105	43,100
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(4,600)	—	460	—	—	—	4,140	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	28,653	(28,653)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(28,653)	28,653	—	—	—
Appropriation of statutory surplus reserve	—	—	—	—	—	—	—	41,448	—	—	—	(41,448)	—	—	—
Other *(note 36)*	—	—	—	—	—	—	—	—	10,040	—	—	—	10,040	—	10,040
At 31 December 2024	599,081	(131,521)	55,344	1,211,983	29,582	(21,667)	21,419	218,890	(305,212)	(17,949)	—	1,694,010	3,353,960	105,370	3,459,330

Year ended 31 December 2025

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34)	Treasury shares RMB'000 (note 35)	Other equity instruments RMB'000 (note 32)	Share premium* RMB'000	Share-based payments reserve* RMB'000	Fair value reserve* RMB'000 (note 36(a))	Exchange fluctuation reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 36(b))	Capital and other reserve* RMB'000 (note 36(c))	Other comprehensive income* RMB'000 (note 36(d))	Special reserve — safety production fund* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	599,081	(131,521)	55,344	1,211,983	29,582	(21,667)	21,419	218,890	(305,212)	(17,949)	—	1,694,010	3,353,960	105,370	3,459,330
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	562,549	562,549	14,712	577,261
Other comprehensive income for the year:															
Exchange differences related to foreign operations	—	—	—	—	—	—	(3,509)	—	—	—	—	—	(3,509)	661	(2,848)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	(902)	—	—	—	—	—	—	(902)	—	(902)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	21,276	—	—	21,276	—	21,276
Total comprehensive income for the year	—	—	—	—	—	(902)	(3,509)	—	—	21,276	—	562,549	579,414	15,373	594,787
Repurchase and cancellation of treasury shares	(160)	2,382	—	(2,222)	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	17,187	—	(55,344)	600,748	—	—	—	—	—	—	—	—	562,591	—	562,591
Vesting of restricted shares (as defined in note 37)	—	24,323	—	26,980	(26,980)	—	—	—	—	—	—	—	24,323	—	24,323
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(297,998)	(297,998)	—	(297,998)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	(181,882)	—	—	—	(181,882)	(118,016)	(299,898)
Capital injection from non-controlling equity holders	—	—	—	—	—	—	—	—	—	—	—	—	—	69,541	69,541
Share-based payments	—	—	—	—	19,124	—	—	—	—	—	—	—	19,124	107	19,231
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(2,786)	—	—	—	—	—	2,786	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	32,582	(32,582)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(32,582)	32,582	—	—	—
Share of associate's other net assets change	—	—	—	—	—	—	—	—	126,784	—	—	—	126,784	—	126,784
Appropriation of statutory surplus reserve	—	—	—	—	—	—	—	30,846	—	—	—	(30,846)	—	—	—
At 31 December 2025	616,108	(104,816)	—	1,837,489	21,726	(25,355)	17,910	249,736	(360,310)	3,327	—	1,930,501	4,186,316	72,375	4,258,691

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent														
	Share capital RMB'000 (note 34) (unaudited)	Treasury shares RMB'000 (note 35) (unaudited)	Other equity instruments RMB'000 (note 32) (unaudited)	Share premium RMB'000 (unaudited)	Share-based payments reserve RMB'000 (unaudited)	Fair value reserve RMB'000 (note 36(a)) (unaudited)	Exchange fluctuation reserve RMB'000 (unaudited)	Statutory surplus reserve RMB'000 (note 36(b)) (unaudited)	Capital and other reserve RMB'000 (note 36(c)) (unaudited)	Other comprehensive income RMB'000 (note 36(d)) (unaudited)	Special reserve — safety production fund RMB'000 (unaudited)	Retained profits RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
At 1 January 2025	599,081	(131,521)	55,344	1,211,983	29,582	(21,667)	21,419	218,890	(305,212)	(17,949)	—	1,694,010	3,353,960	105,370	3,459,330
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	350,909	350,909	7,364	358,273
Other comprehensive income for the period:															
Exchange differences related to foreign operations	—	—	—	—	—	—	(1,337)	—	—	—	—	—	(1,337)	—	(1,337)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	—	24,273	—	—	24,273	—	24,273
Total comprehensive income for the period	—	—	—	—	—	—	(1,337)	—	—	24,273	—	350,909	373,845	7,364	381,209
Repurchase and cancellation of treasury shares	(120)	1,786	—	(1,666)	—	—	—	—	—	—	—	—	—	—	—
Exercise of conversion rights for convertible bonds	1	—	(6)	52	—	—	—	—	—	—	—	—	47	—	47
Dividend declared	—	—	—	—	—	—	—	—	—	—	—	(297,998)	(297,998)	—	(297,998)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	(140,768)	—	—	—	(140,768)	(27,071)	(167,839)
Capital injection from non-controlling equity holders	—	—	—	—	—	—	—	—	—	—	—	—	—	19,300	19,300
Share-based payments	—	—	—	—	9,909	—	—	—	—	—	—	—	9,909	—	9,909
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	(3,715)	—	—	—	—	—	3,715	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	—	12,323	(12,323)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	(12,323)	12,323	—	—	—
Appropriation of special reserves	—	—	—	—	—	—	—	18,877	—	—	—	(18,877)	—	—	—
Share of associate's other net assets change	—	—	—	—	—	—	—	—	127,904	—	—	—	127,904	—	127,904
At 30 June 2025 (unaudited)	598,962	(129,735)	55,338	1,210,369	39,491	(25,382)	20,082	237,767	(318,076)	6,324	—	1,731,759	3,426,899	104,963	3,531,862

Six months ended 30 June 2026

	Attributable to owners of the parent													
	Share capital *RMB'000* *(note 34)*	Treasury shares *RMB'000* *(note 35)*	Share premium* *RMB'000*	Share-based payments reserve* *RMB'000*	Fair value reserve* *RMB'000* *(note 36(a))*	Exchange fluctuation reserve* *RMB'000*	Statutory surplus reserve* *RMB'000* *(note 36(b))*	Capital and other reserve* *RMB'000* *(note 36(c))*	Other comprehensive income* *RMB'000* *(note 36(d))*	Special reserve — safety production fund* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2026	616,108	(104,816)	1,837,489	21,726	(25,355)	17,910	249,736	(360,310)	3,327	—	1,930,501	4,186,316	72,375	4,258,691
Profit for the period	—	—	—	—	—	—	—	—	—	—	389,035	389,035	61	389,096
Other comprehensive income for the period:														
Exchange differences related to foreign operations	—	—	—	—	—	(15,629)	—	—	—	—	—	(15,629)	(6,642)	(22,271)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	(726)	—	—	—	—	—	—	(726)	—	(726)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	—	(75,022)	—	—	(75,022)	—	(75,022)
Total comprehensive income for the period	—	—	—	—	(726)	(15,629)	—	—	(75,022)	—	389,035	297,658	(6,581)	291,077
Repurchase and cancellation of treasury shares	(25)	338	(313)	—	—	—	—	—	—	—	—	—	—	—
Dividend declared	—	—	—	—	—	—	—	—	—	—	(306,541)	(306,541)	—	(306,541)
Capital injection from non-controlling equity holders	—	—	—	—	—	—	—	—	—	—	—	—	51,917	51,917
Share-based payments, including tax effects	—	—	—	14,960	—	—	—	—	—	—	—	14,960	25	14,985
Appropriation of special reserves	—	—	—	—	—	—	—	—	—	15,116	(15,116)	—	—	—
Utilisation of special reserve	—	—	—	—	—	—	—	—	—	(15,116)	15,116	—	—	—
Share of associate's other net assets change	—	—	—	—	—	—	—	6,820	—	—	—	6,820	—	6,820
Appropriation of statutory surplus reserve	—	—	—	—	—	—	19,481	—	—	—	(19,481)	—	—	—
At 30 June 2026	616,083	(104,478)	1,837,176	36,686	(26,081)	2,281	269,217	(353,490)	(71,695)	—	1,993,514	4,199,213	117,736	4,316,949

* These reserve accounts represent the total consolidated reserves of RMB2,852,806,000, RMB2,831,056,000, RMB3,675,024,000 and RMB3,687,608,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	Six months ended 30 June 2026 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		426,985	550,166	600,950	368,690	403,976
Adjustments for:						
Finance costs	8	84,085	97,323	108,545	52,668	46,273
Depreciation of property, plant and equipment	6	115,147	129,128	156,959	73,661	87,412
Depreciation of investment properties	6, 15	948	948	948	474	474
Depreciation of right-of-use assets	6, 16	16,702	15,980	16,380	7,940	6,973
Amortisation of intangible assets	6, 18	17,699	20,577	27,550	13,643	14,175
Losses on disposal of items of property, plant and equipment, net	6	7,362	804	1,122	623	28
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	(12,058)	(1,836)	6,003	—	12,401
Bargain purchase gain arising from investment in an associate	5	—	(96,750)	—	—	—
Gain on disposal of patent		—	—	—	—	(15,025)
Equity-settled share-based expense	6, 37	4,364	43,100	19,231	9,909	4,200
Share of profits of associates	6	(226,587)	(314,392)	(382,112)	(219,496)	(205,964)
Losses on disposal of a subsidiary	6, 7	7,216	—	—	—	—
Gains on disposal of investments in an associate	5	—	—	(14,406)	(14,406)	—
Gains on disposal of debt instruments at fair value through other comprehensive income	5	(615)	—	—	—	—
Impairment losses on inventories, net	6	5,699	9,540	7,828	—	1,913
Impairment losses on property, plant and equipment	6	—	94,792	—	—	—
Impairment losses on investments in an associate	7	—	—	3,193	—	—
Amortisation of deferred income		(7,066)	(9,640)	(11,909)	(4,918)	(6,344)
Provision/(reversal) of impairment on financial assets, net	6	4,281	806	347	(878)	904
Additional deduction for value-added tax	5	—	(12,824)	(13,009)	(6,206)	(2,995)
Foreign exchange (gains)/loss, net		(4,147)	(2,796)	3,983	2,800	5,876
Dividends income	5	(4,925)	(1,860)	(450)	—	(831)
Bank interest income	5	(20,775)	(27,014)	(39,447)	(17,526)	(15,394)
		414,315	496,052	491,706	266,978	338,052
(Increase)/decrease in inventories		(57,441)	(51,079)	(90,681)	(25,571)	2,751
Increase in trade and bills receivables		(58,289)	(57,504)	(32,656)	(11,247)	(263,662)
Decrease/(increase) in amounts due from related companies		37,998	(45,359)	21,369	9,636	(13,116)

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	2026 RMB'000
Decrease/(increase) in prepayments, other receivables and other assets		24,990	(25,114)	(4,185)	(15,127)	22,425
Decrease/(increase) in pledged deposits		3,953	2,918	11,254	2,635	(168)
Decrease in trade and bills payables		(193,009)	(276,366)	(130,990)	(31,683)	(42,941)
Increase/(decrease) in other payables and accruals		69,285	110,791	14,786	(48,983)	11,158
Increase/(decrease) in deferred income		1,307	(12,445)	1,581	2,416	226
(Decrease)/increase in contract liabilities		(1,132)	(41)	1,627	353	(839)
Cash generated from operations		241,977	141,853	283,811	149,407	53,886
Interest received		10,052	6,107	23,426	1,560	3,733
Income tax paid		(73,205)	(2,701)	(44,965)	(15,259)	(21,073)
Net cash flows from operating activities		178,824	145,259	262,272	135,708	36,546
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividends received		45,063	76,668	105,163	13,453	101,217
Disposal of a subsidiary		18,141	—	—	—	—
Investment in an associate		—	(47,741)	—	—	—
Proceeds from disposal of investment in an associate		—	—	36,000	7,200	—
Purchase of financial assets at fair value through profit or loss		(45,422)	(30,000)	—	—	(32,000)
Proceeds from disposal of financial assets at fair value through profit or loss		3	—	—	—	—
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		—	33,893	13,715	7,000	—
Proceeds from disposal of debt instruments at fair value through other comprehensive income		35,542	—	—	—	—
Proceeds from disposal of items of property, plant and equipment		4,353	1,036	1,310	10	63
Resettlement compensation received from government		24,878	—	—	—	—
Purchases of items of property, plant and equipment and intangible assets		(170,240)	(255,739)	(313,375)	(108,212)	(257,691)
Government grants for non-current assets		5,300	97,337	75,963	12,418	5,090
Refund from prepaid equity investments		12,500	13,500	—	—	—
Decrease/(increase) of time deposits		189,005	(568,848)	(88,125)	(66,441)	150,625
Net cash flows from/(used in) investing activities		119,123	(679,894)	(169,349)	(134,572)	(32,696)

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	2026 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from shares granted under share award scheme		70,948	3,531	—	—	—
Payments for repurchase of shares		—	(80,492)	—	—	—
Treasury shares repurchased		(30,494)	(30,235)	(1,531)	(989)	(512)
Capital injection from non-controlling equity holders		—	—	69,541	19,300	51,917
New interest-bearing bank borrowings		1,616,143	2,251,650	2,772,350	1,859,800	1,190,250
Repayment of interest-bearing bank and other borrowings		(1,530,975)	(1,117,809)	(2,244,621)	(1,311,011)	(911,215)
Proceeds from discounted bills receivable		—	23,703	3,124	—	17,244
Lease payments		(7,306)	(12,710)	(12,001)	(6,094)	(5,380)
Prepayment of the principal portion of lease payments		—	(1,015)	—	—	—
Repayment of other loan		(6,609)	—	—	—	—
Payment for listing expenses		—	—	(3,970)	—	(12,710)
Interest paid		(76,464)	(83,717)	(98,148)	(50,050)	(47,557)
Dividends paid		(47,525)	(501,420)	(297,998)	(297,998)	(306,541)
Capital refunded to non-controlling equity holders		(1,790)	—	—	—	—
Acquisition of non-controlling interest		—	(90,806)	(299,898)	(140,321)	—
Refund of proceeds relating to non-compliance of share disposal by shareholders		—	10,040	—	—	—
Net cash flows (used in)/from financing activities		(14,072)	370,720	(113,152)	72,637	(24,504)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		283,875	(163,915)	(20,229)	73,773	(20,654)
Cash and cash equivalents at beginning of year/period		370,628	661,436	503,209	503,209	476,150
Effect of foreign exchange rate changes, net		6,933	5,688	(6,830)	1,968	(19,810)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	27	661,436	503,209	476,150	578,950	435,686
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	27	743,987	1,173,804	1,239,637	1,298,015	1,060,377
Less: Time deposits	27	(43,629)	(634,591)	(738,737)	(685,696)	(599,773)
Pledged deposits	27	(38,922)	(36,004)	(24,750)	(33,369)	(24,918)
Cash and cash equivalents as stated in the statement of cash flows	27	661,436	503,209	476,150	578,950	435,686

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	14	4,294	3,951	3,753	3,227
Right-of-use assets	16(a)	54,434	45,103	35,771	26,715
Intangible assets	18	13,491	11,535	9,784	9,309
Investments in subsidiaries	20	2,184,996	2,498,231	2,773,620	2,715,998
Investments in associates	19	1,580,241	1,792,812	2,162,562	2,186,630
Equity investments designated at fair value through other comprehensive income	21	74,536	44,492	30,821	27,397
Financial assets at fair value through profit or loss	22	109,572	128,634	122,631	140,230
Deferred tax assets	23	20,555	20,821	27,345	33,057
Total non-current assets		4,042,119	4,545,579	5,166,287	5,142,563
CURRENT ASSETS					
Inventories	24	1,987	354	109	616
Trade and bills receivables	25	125,449	146,657	139,130	171,768
Due from related companies		73,206	91,423	80,472	79,641
Due from subsidiaries		436,245	489,469	392,436	426,451
Prepayments, other receivables and other assets	26	6,115	7,259	9,444	21,315
Tax recoverable		24,217	—	3,653	3,653
Cash and cash equivalents	27	109,504	89,376	18,802	60,624
Total current assets		776,723	824,538	644,046	764,068
CURRENT LIABILITIES					
Trade and bills payables	28	13,567	21,135	19,351	16,269
Contract liabilities		923	40	64	1,085
Other payables and accruals	30	128,402	76,747	52,150	35,563
Due to subsidiaries		408,709	462,061	376,673	239,628
Interest-bearing bank and other borrowings	31	508,994	1,043,659	1,060,489	1,718,275
Lease liabilities	16(b)	8,244	9,616	9,174	6,510
Tax payable		—	361	—	—
Total current liabilities		1,068,839	1,613,619	1,517,901	2,017,330
NET CURRENT LIABILITIES		(292,116)	(789,081)	(873,855)	(1,253,262)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,750,003	3,756,498	4,292,432	3,889,301

		As at 31 December			As at 30 June
		2023	2024	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	31	1,017,608	1,116,179	889,000	659,000
Lease liabilities	16(b)	50,140	39,509	30,335	23,709
Deferred income		—	617	650	—
Total non-current liabilities		1,067,748	1,156,305	919,985	682,709
Net assets		2,682,255	2,600,193	3,372,447	3,206,592
EQUITY					
Share capital	34	599,831	599,081	616,108	616,083
Treasury shares	35	(100,008)	(131,521)	(104,816)	(104,478)
Other equity instruments	32	55,362	55,344	—	—
Reserves	36	2,127,070	2,077,289	2,861,155	2,694,987
Total equity		2,682,255	2,600,193	3,372,447	3,206,592

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability incorporated in the People's Republic of China ("PRC"). The Company's ordinary shares are listing on the Shanghai Stock Exchange. The registered office of the Company is located at Room 2501, 25/F, Shanghai Tower, No. 501 Yincheng Middle Road, Pudong New District, Shanghai, China.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the research and development, production and sale of rubber additives for tyres and other chemical products, electronic materials including semiconductor photoresist, display panel photoresist and fully biodegradable materials.

As at 30 June 2026, the Company had direct and indirect interests in its subsidiaries, all of which are private limited companies. The particulars of the Company's principal subsidiaries are set out below:

Name	*Notes*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
華奇(中國)化工有限公司 (Sino Legend (China) Chemical Co., Ltd. ("Sino Legend"))	(1)	PRC/Chinese Mainland/ 11 August 2006	RMB460,565	100	—	Manufacture, research and development, sales of rubber additives for tyres and other chemical products
彤程化學(中國)有限公司 (RACHEM (CHINA) CO., LTD. ("RACHEM"))	(2), (3)	PRC/Chinese Mainland/ 1 June 2011	RMB806,315	100	—	Manufacture, research and development, sales of rubber additives for tyres and other chemical products, fully biodegradable materials
北京科華微電子材料有限公司 (Kempur Microelectronics, Inc. ("Kempur"))	(4)	PRC/Chinese Mainland/ 13 August 2004	RMB48,614	—	96	Manufacture, research and development, sales of semiconductor photoresist
北京北旭電子材料有限公司 (Beijing Asahi Electronic Materials Co., Ltd. ("BAE"))	(5), (6)	PRC/Chinese Mainland/ 16 November 1993	RMB65,299	—	100	Research and development, sales of display panel photoresist
北旭(湖北)電子材料有限公司 (Beijing Asahi (Hubei) Electronic Materials Co., Ltd. ("BAE (Hubei)"))	(5), (6)	PRC/Chinese Mainland/ 21 May 2020	RMB100,000	—	100	Manufacture, research and development, sales of display panel photoresist
彤程電子材料(鎮江)有限公司 (Red Avenue Electronics Materials (Zhenjiang) Co., Ltd. ("RA Zhenjiang"))	(2), (3)	PRC/Chinese Mainland/ 24 August 2012	USD57,400	—	100	Manufacture, research and development, sales of electronic materials
上海彤程電子材料有限公司 (Shanghai Red Avenue Electronic Materials Co., Ltd. ("RA Electronic"))	(2), (3)	PRC/Chinese Mainland/ 11 June 2020	RMB1,000,000	100	—	Manufacture, research and development, sales of electronic materials

The English names of all Group companies registered in the Chinese Mainland represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

(1) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 上海元智會計師事務所(普通合夥) ("Shanghai Yuanzhi Certified Public Accountants Firm (General Partnership)"), which is a certified public accounting firm registered in the Chinese Mainland.

(2) The statutory financial statements of these entities for the year ended 31 December 2023 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 上海元智會計師事務所(普通合夥)) ("Shanghai Yuanzhi Certified Public Accountants Firm (General Partnership) "), which is a certified public accounting firm registered in the Chinese Mainland.

(3) The statutory financial statements of these entities for the year ended 31 December 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 上海經典會計師事務所(普通合夥) ("Shanghai Jingdian Certified Public Accountants Firm (General Partnership)"), which is a certified public accounting firm registered in the Chinese Mainland.

(4) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 北京東審會計師事務所(特殊普通合夥) ("Beijing Dong Shen Certified Public Accountants Firm LLP"), which is a certified public accounting firm registered in the Chinese Mainland.

(5) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 中興財光華會計師事務所(特殊普通合夥) ("Zhongxing Cai Guanghua Certified Public Accountants Firm LLP"), which is a certified public accounting firm registered in the Chinese Mainland.

(6) The statutory financial statements of these entities for the years ended 31 December 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by 北京興華會計師事務所(特殊普通合夥) ("Beijing Xinghua Certified Public Accountants Firm LLP"), which is a certified public accounting firm registered in the Chinese Mainland.

2.1 BASIS OF PREPARATION

The Historical Financial Information and the Interim Comparative Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information and the Interim Comparative Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and bills receivables measured at fair value through other comprehensive income, which have been measured at fair value.

The Historical Financial Information and the Interim Comparative Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2026, the Group had net current liabilities of approximately RMB455,017,000. Having taken into account the available unutilised banking facilities of RMB687,535,000 as at 30 June 2026 together with the expected operating cash outflow which covers a period of not less than twelve months from 30 June 2026 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods and the Interim Comparative Financial Information in the period covered by the Interim Comparative Financial Information on a going concern basis.

Basis of consolidation

The Historical Financial Information and the Interim Comparative Financial Information include the financial information of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

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 the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS 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 IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[1]

1 Effective for annual/reporting periods beginning on or after 1 January 2027
2 Effective for annual/reporting periods beginning on or after 1 January 2029
3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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 IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required.

Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Such changes may arise from the associate's issuance of share capital to third parties, the associate's transactions with non-controlling interest shareholders of its subsidiaries, and movements in the share-based payment reserves of the associate etc. In the case where the Group's percentage of share holdings in an associate decreases due to the associate's issuance of new capital to third parties, but the Group still maintains significant influence, the Group's share of the associate's increased equity is recognized in capital reserves and will be transferred to profit and loss when the investments are disposed.

Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

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

Business combinations and goodwill

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 or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, bills receivables measured 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 the 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 an asset is required (other than inventories, deferred tax assets, and non-current 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.

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 recognised in the period in which it arises and is charged to other expenses in the statement of profit or loss.

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 ("PPE"), 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 the statement of 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.

Free hold land in Thailand is not depreciated. For other PPE, depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.0% to 6.3%
Machinery	4.5% to 19.0%
Electronic devices	18.0% to 31.7%
Vehicles	18.0% to 23.8%
Office equipment and other equipment	18.0% to 31.7%
Others	20.0% to 33.3%

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 the statement of 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.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings use rights.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognised in profit or loss for the current period. The estimated useful life of the Group's investment properties is 20 years.

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 are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	**Estimated useful lives**
Software	3 to 10 years
Technology licence fee	5 to 10 years
Technical know-how	10 years
Production licence	10 years
Patent	10 to 20 years

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

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

Leasehold land	45 to 50 years
Buildings	6 to 10 years
Machine and equipment	5 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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost including trade and bills receivables, amounts due from related companies and financial assets included in prepayments, other receivables and other assets, are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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

For debt instruments 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.

Equity investments designated at fair value through other comprehensive income

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 *IAS 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss including listed equity investments, unlisted funds and unlisted equity investments, which are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Financial assets included in prepayments, other receivables and other assets are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables 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 and bills receivables 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 of the Group include trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings, which are classified, at initial recognition, as loans and borrowings, 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.

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

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

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

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

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

Treasury shares and share repurchase

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

The payment and transaction costs incurred on the repurchase of the Group's own equity instruments are accounted for as a deduction from equity. Other than share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of the Group's own equity instruments shall be accounted for as equity transactions.

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 estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks as defined above.

Special reserve — safety production fund

According to relevant regulations of Chinese Mainland, transfer of safety production fund at fixed rates based on relevant bases to a specific reserve account is required. The safety production fund could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of safety production fund utilised would be transferred from the specific reserve account to retained earnings.

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, 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 reporting 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 and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 reporting period 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 the reporting period.

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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.

Sale of products

The Group sells rubber additives for tyres and other chemical products, electronic materials including semiconductor photoresist, display panel photoresist and fully biodegradable materials to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Share-based payments

The Company operates two share award schemes during the Relevant Periods for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration in exchange 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 based on a recent transaction price with other investors, further details of which are given in note 37 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each 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 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 share-based 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 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.

Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Pension scheme

The employees of the Company and the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion 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.

Housing fund and other social insurances

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

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefit liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

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

Dividends

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

Foreign currencies

The Historical Financial Information are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

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

The functional currency of an overseas subsidiary is currency other than the RMB. As at the end of each of the reporting period, the assets and liabilities of this subsidiary are translated into RMB at the exchange rate prevailing at the end of each of the reporting period and its statement of profit or loss is translated into RMB at the exchange rate that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in financial statements:

Business model

The classification of a financial asset at initial recognition depends on the Group's business model for managing the financial asset. In assessing the business model, the Group considers factors including how the performance of the financial asset is evaluated and reported to key management personnel, the risks that affect the performance of the financial asset and how they are managed, and how the relevant business managers are remunerated. In assessing whether the objective is to collect contractual cash flows, the Group is required to analyse and evaluate the reasons, timing, frequency, and value of any sales of the financial asset before its maturity.

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 on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type).

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

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 other receivables are disclosed in note 25 and note 26 to the Historical Financial Information, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. 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 assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are set out in note 17 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 23 to the Historical Financial Information.

Fair value of equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss

The equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss have been valued based on a market-based valuation technique as set out in note 46 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 2 or Level 3. Further details are set out in note 21 and note 22 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has three reportable operating segments as follows:

a) Rubber additives for tyres and other chemical products segment: engaging in research and development, manufacture and sale of rubber additives for tyres and other chemical products;

b) Electronic materials segment: engaging in research and development, manufacture and sale of electronic materials including semiconductor photoresist, display panel photoresist and other electronic materials;

c) Fully biodegradable materials segment: engaging in research and development, manufacture and sale of fully biodegradable materials.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2023	**Rubber additives for tyres and other chemical products** *RMB'000*	**Electronic materials** *RMB'000*	**Fully biodegradable materials** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Sales to external customers	2,275,508	561,490	100,336	2,937,334
Intersegment sales	25,783	12,897	—	38,680
Total segment revenue	2,301,291	574,387	100,336	2,976,014
Reconciliation:				
Elimination of intersegment sales				(38,680)
Total revenue				2,937,334
Segment results				
Profit/(loss) before tax	495,447	(16,104)	(52,358)	426,985
Other segment information				
Share of profits of associates	226,587	—	—	226,587
Impairment losses on inventories	1,901	1,009	2,789	5,699
Depreciation and amortisation	91,026	46,483	12,987	150,496
As at 31 December 2023				
Segment assets	4,474,686	2,143,353	715,866	7,333,905
Segment liabilities	2,567,040	1,233,990	27,979	3,829,009
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	1,580,241	—	—	1,580,241

Year ended 31 December 2024	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	2,437,747	744,853	80,780	3,263,380
Intersegment sales	27,844	28,794	—	56,638
Total segment revenue	2,465,591	773,647	80,780	3,320,018
Reconciliation:				
Elimination of intersegment sales				(56,638)
Total revenue				3,263,380
Segment results				
Profit/(loss) before tax	703,110	20,525	(173,469)	550,166
Other segment information				
Share of profits of associates	314,392	—	—	314,392
Impairment losses on property, plant and equipment	—	—	94,792	94,792
Impairment losses on inventories	—	478	9,062	9,540
Depreciation and amortisation	54,837	61,934	49,862	166,633
As at 31 December 2024				
Segment assets	4,782,334	3,030,378	596,415	8,409,127
Segment liabilities	3,382,087	1,543,530	24,180	4,949,797
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	2,131,238	—	—	2,131,238

Year ended 31 December 2025	Rubber additives for tyres and other chemical products *RMB'000*	Electronic materials *RMB'000*	Fully biodegradable materials *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	2,321,268	986,117	113,192	3,420,577
Intersegment sales	79,675	59,814	—	139,489
Total segment revenue	2,400,943	1,045,931	113,192	3,560,066
Reconciliation:				
Elimination of intersegment sales				(139,489)
Total revenue				3,420,577
Segment results				
Profit/(loss) before tax	590,948	62,332	(52,330)	600,950
Other segment information				
Share of profits of associates	382,112	—	—	382,112
Impairment losses on inventories	—	2,681	5,147	7,828
Impairment losses on long-term equity investment	3,193	—	—	3,193
Depreciation and amortisation	96,784	77,892	27,161	201,837
As at 31 December 2025				
Segment assets	5,083,225	3,563,193	572,317	9,218,735
Segment liabilities	3,435,835	1,487,945	36,264	4,960,044
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	2,531,910	—	—	2,531,910

Six months ended 30 June 2025	Rubber additives for tyres and other chemical products RMB'000 (unaudited)	Electronic materials RMB'000 (unaudited)	Fully biodegradable materials RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue				
Sales to external customers	1,155,225	441,499	53,793	1,650,517
Intersegment sales	21,479	19,817	—	41,296
Total segment revenue	1,176,704	461,316	53,793	1,691,813
Reconciliation:				
Elimination of intersegment sales				(41,296)
Total revenue				1,650,517
Segment results				
Profit/(loss) before tax	353,077	37,998	(22,385)	368,690
Other segment information				
Share of profits of associates	219,496	—	—	219,496
Depreciation and amortisation	44,109	36,344	15,265	95,718

Six months ended 30 June 2026	Rubber additives for tyres and other chemical products RMB'000	Electronic materials RMB'000	Fully biodegradable materials RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	1,321,563	692,511	118,990	2,133,064
Intersegment sales	65,601	39,434	—	105,035
Total segment revenue	1,387,164	731,945	118,990	2,238,099
Reconciliation:				
Elimination of intersegment sales				(105,035)
Total revenue				2,133,064
Segment results				
Profit/(loss) before tax	310,719	106,013	(12,756)	403,976
Other segment information				
Share of profits of associates	205,964	—	—	205,964
Impairment losses on inventories	—	915	998	1,913
Depreciation and amortisation	47,166	46,243	15,625	109,034
As at 30 June 2026				
Segment assets	5,037,724	3,988,690	504,641	9,531,055
Segment liabilities	3,349,767	1,815,319	49,020	5,214,106
Other segment information				
Goodwill	—	437,441	—	437,441
Investments in associates	2,554,847	—	—	2,554,847

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Chinese Mainland	2,388,611	2,644,288	2,787,095	1,318,649	1,754,367
Overseas	548,723	619,092	633,482	331,868	378,697
Total	2,937,334	3,263,380	3,420,577	1,650,517	2,133,064

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

(b) Non-current assets

Information about the Group's non-current assets excluding deferred tax assets, goodwill, investment in associates, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit and loss is presented based on the geographical locations of the assets.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese Mainland	2,534,159	2,643,181	2,764,285	2,755,044
Overseas	—	—	105,699	272,202
Total	2,534,159	2,643,181	2,869,984	3,027,246

Information about major customers

The revenue generated from sales to customers which individually amounted to more than 10% of the Group's total revenue during each of the Relevant Periods and the six months ended 30 June 2025 is set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
中策橡膠集團股份有限公司 (Zhongce Rubber Group Co., Ltd. ("Zhongce Rubber"))	333,107	382,584	368,158	176,960	215,971
Customer group B	*	*	345,714	*	226,412

* *Less than 10% of the Group's revenue.*

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers	2,937,334	3,263,380	3,420,577	1,650,517	2,133,064

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Rubber additives for tyres and other chemical products	Electronic materials	Fully biodegradable materials	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	2,275,508	561,490	100,336	2,937,334
Geographical markets				
Chinese Mainland	1,739,841	561,490	87,280	2,388,611
Overseas	535,667	—	13,056	548,723
Total	2,275,508	561,490	100,336	2,937,334
Timing of revenue recognition				
Transferred at a point in time	2,275,508	561,490	100,336	2,937,334

For the year ended 31 December 2024

Segments	Rubber additives for tyres and other chemical products	Electronic materials	Fully biodegradable materials	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	2,437,747	744,853	80,780	3,263,380
Geographical markets				
Chinese Mainland	1,843,283	744,853	56,152	2,644,288
Overseas	594,464	—	24,628	619,092
Total	2,437,747	744,853	80,780	3,263,380
Timing of revenue recognition				
Transferred at a point in time	2,437,747	744,853	80,780	3,263,380

For the year ended 31 December 2025

Segments	Rubber additives for tyres and other chemical products	Electronic materials	Fully biodegradable materials	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	2,321,268	986,117	113,192	3,420,577
Geographical markets				
Chinese Mainland	1,692,805	986,117	108,173	2,787,095
Overseas	628,463	—	5,019	633,482
Total	2,321,268	986,117	113,192	3,420,577
Timing of revenue recognition				
Transferred at a point in time	2,321,268	986,117	113,192	3,420,577

For the six months ended 30 June 2025 (unaudited)

Segments	Rubber additives for tyres and other chemical products	Electronic materials	Fully biodegradable materials	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	1,155,225	441,499	53,793	1,650,517
Geographical markets				
Chinese Mainland	827,726	441,499	49,424	1,318,649
Overseas	327,499	—	4,369	331,868
Total	1,155,225	441,499	53,793	1,650,517
Timing of revenue recognition				
Transferred at a point in time	1,155,225	441,499	53,793	1,650,517

For the six months ended 30 June 2026

Segments	**Rubber additives for tyres and other chemical products**	**Electronic materials**	**Fully biodegradable materials**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services	1,321,563	692,511	118,990	2,133,064
Geographical markets				
Chinese Mainland	948,642	692,511	113,214	1,754,367
Overseas	372,921	—	5,776	378,697
Total	1,321,563	692,511	118,990	2,133,064
Timing of revenue recognition				
Transferred at a point in time	1,321,563	692,511	118,990	2,133,064

The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December			**Six months ended 30 June**	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	4,541	3,405	3,368	3,368	4,995

(b) Performance obligations

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

Sale of products

The Group mainly manufactures and sells rubber additives for tyres and other chemical products, electronic materials and fully biodegradable materials to its customers. Sales revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The performance obligation is satisfied upon customer acceptance of the goods or export declaration is completed and payment is generally due within 30 to 180 days from invoice date, except for new customers, where payment in advance is normally required.

All the amounts of transaction prices allocated to the performance obligations are expected to be recognised as revenue within one year. The Group elected to apply the practical expedient not to disclose the remaining performance obligations.

An analysis of other income and gains, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Government grants*	26,911	23,520	50,324	20,283	33,459
Bank interest income	20,775	27,014	39,447	17,526	15,394
Dividend income	4,925	1,860	450	—	831
Rental income	188	812	813	367	380
Additional deduction for value-added tax**	—	12,824	13,009	6,206	2,995
Others	1,296	986	1,067	88	330
Total other income	54,095	67,016	105,110	44,470	53,389
Other gains					
Gain on disposal of patent	—	—	—	—	15,025
Gains on disposal of investments in an associate	—	—	14,406	14,406	—
Gains on disposal of items of property, plant and equipment	—	—	20	—	—
Bargain purchase gain arising from investment in an associate	—	96,750	—	—	—
Exchange gains, net	7,794	4,287	—	—	—
Gains on disposal of debt instruments at fair value through other comprehensive income	615	—	—	—	—
Total other gains	8,409	101,037	14,426	14,406	15,025
Total other income and gains	62,504	168,053	119,536	58,876	68,414

* Government grants related to income that is received as compensation for expenses already incurred or for the purpose of financial support to the Group with no future related costs recognised in profit or loss. There are no unfulfilled conditions or contingencies relating to these grants. The Group has received certain government grants related to purchases of items of property, plant and equipment and the grants were recognised as income in profit or loss over the useful lives of the relevant assets.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation of Chinese Mainland, certain subsidiaries within the Group entitled a deduction on value added tax paid as calculated on the basis of 5% of the input value-added tax ("VAT") claimed by those subsidiaries since 1 January 2024. The amount of this deduction was recognised in the profit or loss.

6. PROFIT BEFORE TAX

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

		Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of sales of goods and services*		2,252,274	2,467,523	2,606,985	1,229,972	1,645,635
Depreciation of property, plant and equipment		115,147	129,128	156,959	73,661	87,412
Depreciation of investment properties	15	948	948	948	474	474
Depreciation of right-of-use assets	16(a)	16,702	15,980	16,380	7,940	6,973
Amortisation of intangible assets	18	17,699	20,577	27,550	13,643	14,175
Research and development costs*		179,780	216,572	232,512	117,419	118,384
Expense relating to short-term leases and leases of low-value assets	16(c)	6,471	8,084	5,889	3,785	1,816
Employee benefit expense (including directors' and chief executive's remuneration):						
Wages and salaries		256,808	285,755	306,432	140,368	169,289
Equity settled share-based expenses	37	4,364	43,100	19,231	9,909	4,200
Pension scheme contributions and social welfare		61,347	68,706	77,013	36,470	40,956
Share of profits of associates		(226,587)	(314,392)	(382,112)	(219,496)	(205,964)
Fair value (gains)/losses on financial assets at fair value through profit or loss		(12,058)	(1,836)	6,003	—	12,401
Provision/(reversal) of impairment on financial assets, net		4,281	806	347	(878)	904
Foreign exchange differences, net	5, 7	(7,794)	(4,287)	19,733	249	29,881
Impairment losses on inventories, net	24	5,699	9,540	7,828	—	1,913
Impairment losses on property, plant and equipment	7, 14	—	94,792	—	—	—
Losses on disposal of items of property, plant and equipment, net	5, 7	7,362	804	1,122	623	28
Impairment losses on investments in an associate	7	—	—	3,193	—	—
Losses on disposal of a subsidiary	7, 38	7,216	—	—	—	—
Listing expenses		—	—	—	—	1,277

* Cost of sales of goods and research and development costs include expenses relating to employee benefit, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Exchange losses, net	—	—	19,733	249	29,881
Donations	—	11,063	27,953	5,500	197
Impairment losses on investments in an associate	—	—	3,193	—	—
Losses on disposal of items of property, plant and equipment	7,362	804	1,142	623	28
Impairment losses on property, plant and equipment *(note 14)*	—	94,792	—	—	—
Losses on disposal of a subsidiary	7,216	—	—	—	—
Others	400	1,991	1,074	3	305
Total	14,978	108,650	53,095	6,375	30,411

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on interest-bearing bank and other borrowings	99,024	104,913	111,386	55,166	45,500
Interest on lease liabilities	943	2,475	2,189	1,143	773
	99,967	107,388	113,575	56,309	46,273
Less: Interest capitalised	(15,882)	(10,065)	(5,030)	(3,641)	—
Total	84,085	97,323	108,545	52,668	46,273

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to directors and chief executive of the Company (including emoluments for services as employees of the Group's entities prior to becoming the directors of the Company) during the Relevant Periods and the six months ended 30 June 2025 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	360	360	360	180	182
Other emoluments:					
Salaries, allowances and benefits in kind	9,134	9,344	11,277	5,063	5,325
Performance related bonuses*	700	602	900	400	450
Share-based payments	728	3,213	2,010	715	457
Pension scheme contributions and social welfare	715	689	725	288	365
Subtotal	11,277	13,848	14,912	6,466	6,597
Total	11,637	14,208	15,272	6,646	6,779

* Certain executive directors and chief executive of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods and the six months ended 30 June 2025, certain directors were granted shares, in the Company in respect of their services to the Group, under the employee share award scheme of the Company, further details are set out in note 37 to the Historical Financial Information. The difference between the fair value of the Company's shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts during the Relevant Periods and the six months ended 30 June 2025 are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Mr. Zhang Yun	120	120	120	60	60
Mr. Wu Shengwu *(i)*	120	120	100	60	—
Mr. Feng Yaoling	120	120	120	60	60
Mr. Jiang Changjian *(ii)*	—	—	20	—	60
Mr. Chen Zhifeng *(iii)*	—	—	—	—	2
Total	360	360	360	180	182

Notes:

(i) Mr. Wu Shengwu was appointed as an independent non-executive director of the Company with effect from 10 November 2022 and resigned on 15 October 2025.

(ii) Mr. Jiang Changjian was appointed as an independent non-executive director of the Company with effect from 15 October 2025.

(iii) Mr. Chen Zhifeng was appointed as an independent non-executive director of the Company with effect from 26 June 2026.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025.

(b) Executive directors and non-executive directors

The remuneration of each of the directors of the Company paid/payable by the Group (including emoluments for services as employees of the Group's entities prior to becoming the directors of the Company) for the Relevant Periods and the six months ended 30 June 2025 is set out as follows:

Year ended 31 December 2023

	Salaries, allowances and benefits in kind *RMB'000*	**Performance related bonuses** *RMB'000*	**Share-based payments** *RMB'000*	**Pension scheme contributions and social welfare** *RMB'000*	**Total remuneration** *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	784	—	—	143	927
Mr. Zhou Jianhui *(i)*	848	—	—	143	991
Mr. Ding Lin *(ii)*	5,002	—	313	143	5,458
Mr. Yuan Minjian	1,199	300	110	143	1,752
Mr. Yu Yaoming	1,301	400	305	143	2,149
Mr. Li Xiaoguang	—	—	—	—	—
Total	9,134	700	728	715	11,277

Year ended 31 December 2024

	Salaries, allowances and benefits in kind *RMB'000*	**Performance related bonuses** *RMB'000*	**Share-based payments** *RMB'000*	**Pension scheme contributions and social welfare** *RMB'000*	**Total remuneration** *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	905	—	—	145	1,050
Mr. Zhou Jianhui *(i)*	845	—	—	109	954
Mr. Ding Lin *(ii)*	5,001	302	868	145	6,316
Mr. Yuan Minjian	1,293	50	1,303	145	2,791
Mr. Yu Yaoming	1,300	250	1,042	145	2,737
Mr. Li Xiaoguang	—	—	—	—	—
Total	9,344	602	3,213	689	13,848

Year ended 31 December 2025

	Salaries, allowances and benefits in kind *RMB'000*	**Performance related bonuses** *RMB'000*	**Share-based payments** *RMB'000*	**Pension scheme contributions and social welfare** *RMB'000*	**Total remuneration** *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	1,564	—	—	145	1,709
Mr. Zhou Jianhui *(i)*	653	—	—	—	653
Mr. Ding Lin *(ii)*	5,152	200	386	145	5,883
Mr. Yuan Minjian	1,303	300	580	145	2,328
Mr. Yu Yaoming	1,302	300	464	145	2,211
Mr. Tang Jie *(iii)*	1,303	100	580	145	2,128
Mr. Li Xiaoguang	—	—	—	—	—
Total	11,277	900	2,010	725	14,912

Six months ended 30 June 2025 (unaudited)

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Share-based payments *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	788	—	—	72	860
Mr. Zhou Jianhui *(i)*	423	—	—	—	423
Mr. Ding Lin *(ii)*	2,552	100	193	72	2,917
Mr. Yuan Minjian	650	150	290	72	1,162
Mr. Yu Yaoming	650	150	232	72	1,104
Mr. Li Xiaoguang	—	—	—	—	—
Total	5,063	400	715	288	6,466

Six months ended 30 June 2026

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Share-based payments *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors and non-executive directors:					
Ms. Zhang Ning	775	—	—	73	848
Mr. Ding Lin *(ii)*	2,600	100	88	73	2,861
Mr. Yuan Minjian	650	150	132	73	1,005
Mr. Yu Yaoming	650	150	105	73	978
Mr. Tang Jie *(iii)*	650	50	132	73	905
Mr. Li Xiaoguang	—	—	—	—	—
Total	5,325	450	457	365	6,597

Notes:

(i) Mr. Zhou Jianhui was appointed as an executive director of the Company with effect from 10 November 2022 and resigned on 15 October 2025.

(ii) Mr. Ding Lin serves as the chief executive of the Company.

(iii) Mr. Tang Jie was appointed as an executive director of the Company with effect from 15 October 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 included 2, 3, 3, 3 (unaudited) and 3 directors of the Company, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining 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 2025 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	2025 *RMB'000* (unaudited)	2026 *RMB'000*
Salaries, allowances and benefits in kind	4,892	3,301	5,690	2,844	2,788
Performance related bonuses	967	250	264	132	132
Share-based payments	(104)	1,736	652	326	147
Pension scheme contributions and social welfare	429	290	308	153	155
Total	6,184	5,577	6,914	3,455	3,222

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	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD1,000,001 to HKD2,000,000	2	—	—	—	2
HKD2,000,001 to HKD3,000,000	1	2	—	2	—
HKD3,000,001 to HKD4,000,000	—	—	2	—	—
Total	3	2	2	2	2

11. INCOME TAX

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

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the Chinese Mainland and the respective regulations, the subsidiaries operating in Chinese Mainland are subject to the statutory tax rate of 25% on the taxable income, except for those which are subject to tax concessions as set out below:

— Certain subsidiaries have been qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.

— Certain subsidiaries with annual taxable income less than RMB1,000,000 were qualified as small scale and minimal profit enterprise. The subsidiaries were subject to an effective preferential corporate income tax rate of 5% from 1 January 2023 and expiring on 31 December 2027.

— Certain subsidiaries which qualified the criteria as small scale and minimal-profit enterprise, the portion of their incomes with more than RMB1,000,000 but less than RMB3,000,000 were subject to an effective preferential tax rate of 5% from year 2022 to 2027.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Other overseas areas

The Company's other overseas subsidiaries are subject to income tax at rates ranging from 12% to 20%.

Within the first six years of operations and from the year when the Company's subsidiary incorporated in Thailand commenced to derive revenue, this subsidiary is eligible to entitle to a corporate income tax deduction on its net operating profit up to an amount not exceeding 100% of its total investment (excluding land costs and working capital).

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2025 are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current income tax	31,471	36,021	34,750	15,206	10,287
Deferred income tax	(8,604)	(20,040)	(11,061)	(4,789)	4,593
Total	22,867	15,981	23,689	10,417	14,880

A reconciliation of the tax expense applicable to profit before tax at the applicable rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	426,985	550,166	600,950	368,690	403,976
Tax at statutory tax rate of 25%	106,746	137,542	150,238	92,173	100,994
Effect of different tax rates	(26,015)	(33,175)	(32,811)	(22,328)	(19,601)
Adjustments in respect of current tax of previous periods	(11,805)	(4,533)	(8,939)	(8,939)	(14,361)
Expenses not deductible for tax	1,862	5,739	3,506	2,942	447
Utilisation of tax losses not recognised from previous periods	(2,724)	(6,727)	(4,894)	(4,624)	(5,122)
Tax losses and temporary differences not recognised	19,680	12,873	7,658	1,334	270
Tax effect of share of profits of associates	(56,647)	(74,586)	(88,729)	(52,661)	(49,712)
Recognised deductible temporary differences and tax losses of previous periods	(7,938)	—	(12,694)	—	—
Tax effect of bargain purchase gain arising from investment in an associate	—	(15,964)	—	—	—
Others	(292)	(5,188)	10,354	2,520	1,965
Tax charge at the Group's effective rate	22,867	15,981	23,689	10,417	14,880

12. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Dividends attributable to the year/period:					
Interim dividend *(note (1))*	—	149,019	—	—	—
Final dividend *(note (2), note (3), (4) and note (5))*	47,525	352,401	297,998	297,998	306,541
Total	47,525	501,420	297,998	297,998	306,541

Notes:

(1) On 15 October 2024, the Company declared a cash dividend for the first half of 2024, amounting to RMB2.5 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 596,076,729 (exclusive of 3,001,917 treasury shares held by the Company) as at 15 October 2024.

(2) On 2 June 2023, the Company declared a cash dividend for the year 2022, amounting to RMB0.8 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 596,123,880 as at 2 June 2023.

(3) On 4 June 2024, the Company declared a cash dividend for the year 2023, amounting to RMB5.9 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 597,290,322 as at 4 June 2024.

(4) On 30 May 2025, the Company declared a cash dividend for the year 2024, amounting to RMB5.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 595,970,013 (exclusive of 3,001,917 treasury shares held by the Company) as at 30 May 2025.

(5) On 16 April 2026, the Company declared a cash dividend for the year 2025, amounting to RMB5.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 613,081,053 (exclusive of 3,001,917 treasury shares held by the Company) as at 31 March 2026.

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

The calculation of the basic earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent after deducting dividends on restricted shares (as defined in note 37), and the weighted average numbers of share capital outstanding, excluding treasury shares, during the Relevant Periods and the six months ended 30 June 2025.

The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds and effect of dividends on restricted shares (as defined in note 37), where applicable.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at adjusted consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	406,598	516,772	562,549	350,909	388,230
Interest on convertible bonds after tax	Not applicable*(1)	Not applicable*(1)	10,709	8,827	Not applicable*(2)
Effect of dividends on restricted shares (as defined in note 37)	Not applicable*(1)	Not applicable*(1)	—	—	805
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	406,598	516,772	573,258	359,736	387,534
Shares					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic earnings per share calculation ('000)	596,555	597,482	600,798	592,744	611,483
Effect of dilution — weighted average number of ordinary shares	Not applicable*(1)	Not applicable*(1)	16,529	16,529	1,252
Total	596,555	597,482	617,327	609,273	612,735
Earnings per share					
Basic (RMB)	0.68	0.86	0.94	0.59	0.63
Diluted (RMB)	0.68	0.86	0.93	0.59	0.63

* Not applicable:

(1) No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 and 2024 in respect of a dilution as the impact of the convertible bonds and restricted shares (as defined in note 37) outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

(2) No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2026 in respect of a dilution as the Company's convertible bond was delisted on 14 November 2025.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023

	Buildings *RMB'000*	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2023								
Cost	522,149	46,151	928,081	21,765	21,838	1,077,581	22,944	2,640,509
Accumulated depreciation	(142,913)	(33,845)	(422,694)	(17,885)	(16,003)	—	(6,282)	(639,622)
Net carrying amount	379,236	12,306	505,387	3,880	5,835	1,077,581	16,662	2,000,887
At 1 January 2023, net of accumulated depreciation	379,236	12,306	505,387	3,880	5,835	1,077,581	16,662	2,000,887
Additions	—	250	7,293	561	1,065	227,858	4,425	241,452
Disposals	—	(105)	(4,043)	(159)	(399)	(7,008)	—	(11,714)
Disposal of a subsidiary	(9,688)	(429)	(2,239)	(33)	(53)	—	—	(12,442)
Transfer	170,755	1,454	530,067	1,135	1,287	(704,698)	—	—
Transfer to intangible assets	—	—	—	—	—	(13,525)	—	(13,525)
Depreciation provided during the year	(24,579)	(4,382)	(82,983)	(1,554)	(1,811)	—	(3,310)	(118,619)
At 31 December 2023, net of accumulated depreciation	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039
As at 31 December 2023								
Cost	675,146	45,954	1,442,131	19,985	22,655	580,208	27,369	2,813,448
Accumulated depreciation	(159,422)	(36,860)	(488,649)	(16,155)	(16,731)	—	(9,592)	(727,409)
Net carrying amount	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039

31 December 2024

	Buildings RMB'000	Electronic devices RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment and other equipment RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024								
Cost	675,146	45,954	1,442,131	19,985	22,655	580,208	27,369	2,813,448
Accumulated depreciation	(159,422)	(36,860)	(488,649)	(16,155)	(16,731)	—	(9,592)	(727,409)
Net carrying amount	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039
At 1 January 2024, net of accumulated depreciation	515,724	9,094	953,482	3,830	5,924	580,208	17,777	2,086,039
Additions	—	1,252	12,813	5,730	978	224,561	4,730	250,064
Disposals	(1,225)	(3)	(163)	(434)	(13)	—	—	(1,838)
Transfer	59,825	419	191,818	—	867	(257,690)	4,761	—
Transfer to intangible assets	—	—	—	—	—	(113)	—	(113)
Depreciation provided during the year	(27,117)	(3,173)	(94,970)	(1,414)	(1,973)	—	(5,509)	(134,156)
Impairment *(note 6)*	(6,277)	—	(88,429)	—	(86)	—	—	(94,792)
At 31 December 2024, net of accumulated depreciation and impairment	540,930	7,589	974,551	7,712	5,697	546,966	21,759	2,105,204
As at 31 December 2024								
Cost	732,405	47,584	1,640,360	24,716	24,433	546,966	35,380	3,051,844
Accumulated depreciation	(185,198)	(39,995)	(577,380)	(17,004)	(18,650)	—	(13,621)	(851,848)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	(94,792)
Net carrying amount	540,930	7,589	974,551	7,712	5,697	546,966	21,759	2,105,204

31 December 2025

	Buildings *RMB'000*	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Land *RMB'000*	Construction in progress *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2025									
Cost	732,405	47,584	1,640,360	24,716	24,433	—	546,966	35,380	3,051,844
Accumulated depreciation	(185,198)	(39,995)	(577,380)	(17,004)	(18,650)	—	—	(13,621)	(851,848)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	—	(94,792)
Net carrying amount	540,930	7,589	974,551	7,712	5,697	—	546,966	21,759	2,105,204
At 1 January 2025, net of accumulated depreciation and impairment	540,930	7,589	974,551	7,712	5,697	—	546,966	21,759	2,105,204
Additions	—	111	8,562	1,157	2,197	100,653	316,025	—	428,705
Disposals	—	(21)	(2,243)	(146)	(23)	—	—	—	(2,433)
Transfer	53,572	913	361,615	705	1,536	—	(430,984)	12,643	—
Depreciation provided during the year	(29,542)	(7,745)	(107,207)	(2,283)	(2,267)	—	—	(10,763)	(159,807)
Exchange realignment	—	—	—	—	—	816	—	—	816
At 31 December 2025, net of accumulated depreciation and impairment	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485
At 31 December 2025									
Cost	785,977	48,197	2,002,258	24,849	27,840	101,469	432,007	48,023	3,470,620
Accumulated depreciation	(214,740)	(47,350)	(678,551)	(17,704)	(20,614)	—	—	(24,384)	(1,003,343)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	—	(94,792)
Net carrying amount	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485

30 June 2026

	Buildings RMB'000	Electronic devices RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment and other equipment RMB'000	Land RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2026									
Cost	785,977	48,197	2,002,258	24,849	27,840	101,469	432,007	48,023	3,470,620
Accumulated depreciation	(214,740)	(47,350)	(678,551)	(17,704)	(20,614)	—	—	(24,384)	(1,003,343)
Impairment	(6,277)	—	(88,429)	—	(86)	—	—	—	(94,792)
Net carrying amount	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485
At 1 January 2026, net of accumulated depreciation and impairment	564,960	847	1,235,278	7,145	7,140	101,469	432,007	23,639	2,372,485
Additions	—	291	4,671	1,234	1,259	—	272,588	3,017	283,060
Disposals	—	—	(274)	(24)	(22)	—	—	—	(320)
Transfer	143	612	93,844	—	—	—	(94,835)	236	—
Transfer to intangible assets	—	—	—	—	—	—	(15,754)	—	(15,754)
Depreciation provided during the period	(16,204)	(1,094)	(62,479)	(1,197)	(1,169)	—	—	(5,895)	(88,038)
Exchange realignment	—	(4)	—	—	—	(8,334)	—	—	(8,338)
At 30 June 2026, net of accumulated depreciation and impairment	548,899	652	1,271,040	7,158	7,208	93,135	594,006	20,997	2,543,095
At 30 June 2026									
Cost	786,120	49,097	2,099,791	25,600	28,666	93,135	594,006	51,276	3,727,691
Accumulated depreciation	(230,944)	(48,445)	(740,394)	(18,442)	(21,372)	—	—	(30,279)	(1,089,876)
Impairment	(6,277)	—	(88,357)	—	(86)	—	—	—	(94,720)
Net carrying amount	548,899	652	1,271,040	7,158	7,208	93,135	594,006	20,997	2,543,095

As at 31 December 2023, 2024 and 2025 and 30 June 2026, property ownership certificates for certain of the Group's buildings with aggregate net carrying values of approximately RMB215,776,000, RMB186,291,000, RMB179,197,000 and RMB12,264,000, respectively, have not been obtained by the Group. In the opinion of Group' directors, the Group has no legal impediment to obtain the relevant property ownership certificates.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's property, plant and equipment of RMB127,757,000, RMB288,084,000, RMB448,391,000 and RMB441,808,000, respectively, were pledged to secure bank borrowings, respectively (note 40).

Impairment testing of property, plant and equipment

As at 31 December 2024, as the capacity utilisation rate of the fully biodegradable production line had not reached the normal level, the Group performed an impairment test on a cash-generating unit engaging in fully biodegradable production in the fully biodegradable business segment.

The recoverable amount of the cash-generating unit was RMB523,738,000 which was determined based on a value in use calculation using cash flow projections based on 5-year financial budgets approved by senior management. The forecast period used in the cash flow projections was 15 years, based on the economic useful life of the major machinery, and the applied pre-tax discount rate was 10.92%. Based on the impairment test, the carrying amount of the cash-generating unit was impaired by RMB94,792,000.

Consequently, the carrying amounts of property, plant and equipment, and right-of-use assets included in the cash-generating unit were impaired by RMB94,792,000 and nil, respectively. The impairment loss recognised was included in "Other expenses" in the consolidated statement of profit or loss.

The key assumption involved in the impairment test was the discount rate. If the discount rate increased or decreased by 1% during the forecast period, the impairment loss would increase by RMB5,644,000 or decrease by RMB7,295,000.

As at 31 December 2025 and 30 June 2026, the Group did not identify impairment indicators and no impairment loss was recognised. In accordance with IAS 36, based on the assessment of internal and external indicators, including the Group's actual performance and market evidence, the Group did not identify indicators of reversal and no impairment reversal was recognised.

The Company

31 December 2023

	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2023						
Cost	2,725	4,107	5,448	1,032	12,761	26,073
Accumulated depreciation	(1,966)	(14)	(5,141)	(1,024)	—	(8,145)
Net carrying amount	759	4,093	307	8	12,761	17,928
At 1 January 2023, net of accumulated depreciation	759	4,093	307	8	12,761	17,928
Additions	—	—	—	—	948	948
Transfer	153	—	—	—	(153)	—
Transfer to intangible assets	—	—	—	—	(13,525)	(13,525)
Depreciation provided during the year	(496)	(526)	(35)	—	—	(1,057)
At 31 December 2023, net of accumulated depreciation	416	3,567	272	8	31	4,294
As at 31 December 2023						
Cost	2,878	4,107	5,448	1,032	31	13,496
Accumulated depreciation	(2,462)	(540)	(5,176)	(1,024)	—	(9,202)
Net carrying amount	416	3,567	272	8	31	4,294

31 December 2024

	Electronic devices *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2024						
Cost	2,878	4,107	5,448	1,032	31	13,496
Accumulated depreciation	(2,462)	(540)	(5,176)	(1,024)	—	(9,202)
Net carrying amount	416	3,567	272	8	31	4,294
At 1 January 2024, net of accumulated depreciation	416	3,567	272	8	31	4,294
Additions	—	—	—	—	230	230
Depreciation provided during the year	(190)	(383)	—	—	—	(573)
At 31 December 2024, net of accumulated depreciation	226	3,184	272	8	261	3,951
As at 31 December 2024						
Cost	2,878	4,107	5,448	1,032	261	13,726
Accumulated depreciation	(2,652)	(923)	(5,176)	(1,024)	—	(9,775)
Net carrying amount	226	3,184	272	8	261	3,951

31 December 2025

	Electronic devices RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2025						
Cost	2,878	4,107	5,448	1,032	261	13,726
Accumulated depreciation	(2,652)	(923)	(5,176)	(1,024)	—	(9,775)
Net carrying amount	226	3,184	272	8	261	3,951
At 1 January 2025, net of accumulated depreciation	226	3,184	272	8	261	3,951
Additions	—	—	—	—	390	390
Internal transfer	299	—	—	—	(299)	—
Disposals	—	(152)	—	—	—	(152)
Depreciation provided during the year	(53)	(383)	—	—	—	(436)
At 31 December 2025, net of accumulated depreciation	472	2,649	272	8	352	3,753
At 31 December 2025						
Cost	3,177	3,886	5,448	1,032	352	13,895
Accumulated depreciation	(2,705)	(1,237)	(5,176)	(1,024)	—	(10,142)
Net carrying amount	472	2,649	272	8	352	3,753

30 June 2026

	Electronic devices RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2026						
Cost	3,177	3,886	5,448	1,032	352	13,895
Accumulated depreciation	(2,705)	(1,237)	(5,176)	(1,024)	—	(10,142)
Net carrying amount	472	2,649	272	8	352	3,753
At 1 January 2026, net of accumulated depreciation	472	2,649	272	8	352	3,753
Additions	—	—	—	—	119	119
Transfer to intangible assets	—	—	—	—	(396)	(396)
Depreciation provided during the period	(70)	(179)	—	—	—	(249)
At 30 June 2026, net of accumulated depreciation	402	2,470	272	8	75	3,227
At 30 June 2026						
Cost	3,177	3,886	5,448	1,032	75	13,618
Accumulated depreciation	(2,775)	(1,416)	(5,176)	(1,024)	—	(10,391)
Net carrying amount	402	2,470	272	8	75	3,227

15. INVESTMENT PROPERTIES

The Group

	Year ended 31 December 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	Six months ended 30 June 2026 *RMB'000*
At the beginning of the year/period				
Cost	19,958	19,958	19,958	19,958
Accumulated depreciation	(13,961)	(14,909)	(15,857)	(16,805)
Net carrying amount	5,997	5,049	4,101	3,153
At the beginning of the year/period, net of accumulated depreciation	5,997	5,049	4,101	3,153
Depreciation provided during the year/period *(note 6)*	(948)	(948)	(948)	(474)
At the end of the year/period, net of accumulated depreciation	5,049	4,101	3,153	2,679
At the end of the year/period				
Cost	19,958	19,958	19,958	19,958
Accumulated depreciation	(14,909)	(15,857)	(16,805)	(17,279)
Net carrying amount	5,049	4,101	3,153	2,679

The Group's investment properties consist of one commercial property located in Shanghai city and one residential property located in Shandong Province. The directors of the Group have determined that the investment properties are commercial based on the nature, characteristics and risks of the properties.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the Historical Financial Information.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the fair values of investment properties, which are categorised within Level 3 of the fair value hierarchy, are not materially different from their original cost and the fair value of investment properties as at 31 December 2023, 2024 and 2025 and 30 June 2026 were RMB5,049,000, RMB4,101,000, RMB3,153,000 and RMB2,679,000, respectively.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and machinery used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 45 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms of 6 to 10 years. Leases of machinery generally have lease term of 5 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. 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:

The Group

	Leasehold land *RMB'000*	Buildings *RMB'000*	Machine and equipment *RMB'000*	Total *RMB'000*
As at 1 January 2023	237,049	7,539	—	244,588
Additions	359	57,545	—	57,904
Disposal of a subsidiary	(40)	—	—	(40)
Depreciation provided during the year *(note 6)*	(6,052)	(10,650)	—	(16,702)
As at 31 December 2023 and 1 January 2024	231,316	54,434	—	285,750
Additions	—	5,389	1,559	6,948
Depreciation provided during the year *(note 6)*	(6,093)	(9,601)	(286)	(15,980)
As at 31 December 2024 and 1 January 2025	225,223	50,222	1,273	276,718
Additions	—	1,872	—	1,872
Depreciation provided during the year *(note 6)*	(6,093)	(9,975)	(312)	(16,380)
As at 31 December 2025 and 1 January 2026	219,130	42,119	961	262,210
Lease modification	—	(5,593)	—	(5,593)
Depreciation provided during the period *(note 6)*	(2,980)	(3,837)	(156)	(6,973)
As at 30 June 2026	216,150	32,689	805	249,644

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain of the Group's leasehold land with aggregate carrying amounts of approximately RMB35,168,000, RMB34,419,000, RMB33,671,000 and RMB33,297,000, respectively, were pledged to secure interest-bearing bank borrowings granted to the Group (note 40).

The Company

	Buildings *RMB'000*
As at 1 January 2023	7,539
Additions	57,545
Depreciation provided during the year	(10,650)
As at 31 December 2023 and 1 January 2024	54,434
Depreciation provided during the year	(9,331)
As at 31 December 2024 and 1 January 2025	45,103
Depreciation provided during the year	(9,332)
As at 31 December 2025 and 1 January 2026	35,771
Lease modification	(5,593)
Depreciation provided during the period	(3,463)
As at 30 June 2026	26,715

(b) Lease liabilities

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

The Group

	Year ended 31 December			Six months ended 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	7,202	58,384	55,097	47,157
Additions	57,545	6,948	1,872	—
Accretion of interest recognised during the year/period *(note 8)*	943	2,475	2,189	773
Lease modification	—	—	—	(5,593)
Payments	(7,306)	(12,710)	(12,001)	(5,380)
Carrying amount at the end of the year/period	58,384	55,097	47,157	36,957
Analysed into:				
Current portion	8,244	9,616	10,178	7,101
Non-current portion	50,140	45,481	36,979	29,856

The Company

	Year ended 31 December			Six months ended 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	7,202	58,384	49,125	39,509
Additions	57,545	—	—	—
Accretion of interest recognised during the year/period	943	2,396	1,991	663
Lease modification	—	—	—	(5,593)
Payments	(7,306)	(11,655)	(11,607)	(4,360)
Carrying amount at the end of the year/period	58,384	49,125	39,509	30,219
Analysed into:				
Current portion	8,244	9,616	9,174	6,510
Non-current portion	50,140	39,509	30,335	23,709

The maturity analysis of lease liabilities is disclosed in note 47 to the Historical Financial Information.

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

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	943	2,475	2,189	1,143	773
Depreciation charge of right-of-use assets	16,702	15,980	16,380	7,940	6,973
Expense relating to short-term leases and low-value assets	6,471	8,084	5,889	3,785	1,816
Total amount recognised in profit or loss	24,116	26,539	24,458	12,868	9,562

(d) The total cash outflow for leases is set out in note 39 to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings under operating lease arrangements. Details of rental income recognised are included in note 5 to the Historical Financial Information.

At 31 December 2023, 2024 and 2025 and 30 June 2026, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,749	844	928	922
After one year but within two years	1,822	928	918	918
After two years but within ten years	5,723	6,641	5,723	4,621
Total	9,294	8,413	7,569	6,461

17. GOODWILL

	Semiconductor photoresist CGU	Display panel photoresist CGU	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023, 2024 and 2025 and 30 June 2026			
Cost and net carrying amount	200,186	237,255	437,441

Impairment testing of goodwill

The goodwill arises from electronic materials segment acquired through business combinations has been allocated to the following cash-generating unit ("CGU") for impairment testing:

- Semiconductor photoresist CGU; and
- Display panel photoresist CGU

Key assumptions for value in use calculations

The recoverable amount of the semiconductor photoresist CGU and display panel photoresist CGU have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of semiconductor photoresist CGU by RMB34,053,000, RMB64,348,000 and RMB415,191,000 and RMB308,034,000 respectively and the recoverable amount exceeded the carrying amount of display panel photoresist CGU by RMB378,684,000, RMB409,397,000, RMB522,795,000 and RMB493,302,000, respectively.

Assumptions were used in the value in use calculation of the semiconductor photoresist CGU and display panel photoresist CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management and the independent external valuer have based its cash flow projections to perform impairment testing of goodwill:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Semiconductor photoresist CGU:				
Pre-tax discount rate	11.70%	11.68%	14.61%	15.07%
Revenue annual growth rate — range of the forecast period	16.58% to 37.84%	6.00% to 25.00%	14.14% to 25.02%	14.59% to 25.86%
Net profit margin — range of the forecast period	6.05% to 18.70%	13.62% to 17.87%	15.53% to 19.88%	14.16% to 19.45%
Revenue annual growth rate — stable period	0.00%	0.00%	0.00%	0.00%
Net profit margin — stable period	18.70%	17.87%	19.88%	19.45%
Display panel photoresist CGU:				
Pre-tax discount rate	11.70%	11.48%	11.90%	12.53%
Revenue annual growth rate — range of the forecast period	16.13% to 30.14%	11.65% to 19.90%	10.00% to 16.02%	10.00% to 33.44%
Net profit margin — range of the forecast period	16.70% to 18.62%	15.60% to 18.00%	17.97% to 20.84%	18.37% to 21.68%
Revenue annual growth rate — stable period	0.00%	0.00%	0.00%	0.00%
Net profit margin — stable period	17.28%	16.46%	19.06%	19.46%

Revenue annual growth rate — The basis is determined with reference to the average revenue growth rate achieved in the years before the budget year, appropriate adjustments for management's projected future operating plans and production data.

Net profit margin during the forecast period — The basis is determined with reference to the average net profit margin growth rate achieved in the prior year, increased for expected efficiency improvements.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions on revenue annual growth rate, net profit margin during the forecast period and pre-tax discount rate are consistent with external information sources.

Sensitivity analysis for value in use calculations

Semiconductor photoresist CGU

Management of the Group has performed sensitivity test by decreasing 3% revenue annual growth rate, decreasing 3% of net profit margin or increasing 3% of discount rate, with all other key assumptions held constant. The amount by which semiconductor photoresist CGU recoverable amount exceeding its carrying amount ("headroom") are as below:

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue annual growth rate decreased by 3%	6,053	36,601	349,191	264,034
Net profit margin decreased by 3%	28,053	40,730	376,191	271,034
Pre-tax discount rate increased by 3%	4,053	36,532	369,191	266,034

Display panel photoresist CGU

Management of the Group has performed sensitivity test by decreasing 3% revenue annual growth rate, decreasing 3% of net profit margin or increasing 3% of discount rate, with all other key assumptions held constant. The amount by which Display panel photoresist CGU recoverable amount exceeding its carrying amount ("headroom") are as below:

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue annual growth rate decreased by 3%	314,684	344,902	466,794	418,977
Net profit margin decreased by 3%	352,684	382,955	489,794	434,302
Pre-tax discount rate increased by 3%	345,684	377,908	488,794	433,302

Based on the headroom of the impairment assessment for the Relevant Periods, management of the Group believe that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivities analysis are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Considering sufficient headroom based on the assessment, the management was of opinion that there was no impairment for the goodwill as at the end of each of the Relevant Periods.

Based on the results of the above mentioned assessment, the directors of the Company conclude that no impairment loss on the aforementioned goodwill is required to be recognised as at the end of each of the Relevant Periods.

18. INTANGIBLE ASSETS

The Group

31 December 2023

	Software *RMB'000*	Technology licence fee *RMB'000*	Technical know-how *RMB'000*	Production licence *RMB'000*	Patent *RMB'000*	Total *RMB'000*
As at 1 January 2023						
Cost	6,186	8,706	158,014	8,272	88,167	269,345
Accumulated amortisation	(3,358)	(8,706)	(45,375)	(1,034)	(14,548)	(73,021)
Impairment	—	—	(54,016)	(7,238)	—	(61,254)
Net carrying amount	2,828	—	58,623	—	73,619	135,070
As at 1 January 2023, net of accumulated amortisation and impairment	2,828	—	58,623	—	73,619	135,070
Additions	1,664	—	—	—	201	1,865
Transfer from PPE *(note 14)*	13,525	—	—	—	—	13,525
Disposal of a subsidiary	—	—	—	—	(695)	(695)
Amortisation during the year *(note 6)*	(1,733)	—	(11,115)	—	(4,851)	(17,699)
As at 31 December 2023, net of accumulated amortisation	16,284	—	47,508	—	68,274	132,066
As at 31 December 2023						
Cost	21,353	8,706	95,695	—	85,623	211,377
Accumulated amortisation	(5,069)	(8,706)	(48,187)	—	(17,349)	(79,311)
Net carrying amount	16,284	—	47,508	—	68,274	132,066

31 December 2024

	Software *RMB'000*	Technology licence fee *RMB'000*	Technical know-how *RMB'000*	Patent *RMB'000*	Total *RMB'000*
As at 1 January 2024					
Cost	21,353	8,706	95,695	85,623	211,377
Accumulated amortisation	(5,069)	(8,706)	(48,187)	(17,349)	(79,311)
Net carrying amount	16,284	—	47,508	68,274	132,066
As at 1 January 2024, net of accumulated amortisation	16,284	—	47,508	68,274	132,066
Additions	324	—	—	93,014	93,338
Transfer from PPE *(note 14)*	113	—	—	—	113
Amortisation during the year *(note 6)*	(2,475)	—	(11,115)	(6,987)	(20,577)
As at 31 December 2024, net of accumulated amortisation	14,246	—	36,393	154,301	204,940
As at 31 December 2024					
Cost	21,790	8,706	95,695	178,637	304,828
Accumulated amortisation	(7,544)	(8,706)	(59,302)	(24,336)	(99,888)
Net carrying amount	14,246	—	36,393	154,301	204,940

31 December 2025

	Software *RMB'000*	Technology licence fee *RMB'000*	Technical know-how *RMB'000*	Patent *RMB'000*	Total *RMB'000*
As at 1 January 2025					
Cost	21,790	8,706	95,695	178,637	304,828
Accumulated amortisation	(7,544)	(8,706)	(59,302)	(24,336)	(99,888)
Net carrying amount	14,246	—	36,393	154,301	204,940
As at 1 January 2025, net of accumulated amortisation	14,246	—	36,393	154,301	204,940
Additions	3,781	—	—	2	3,783
Amortisation during the year *(note 6)*	(2,405)	—	(11,115)	(14,030)	(27,550)
As at 31 December 2025, net of accumulated amortisation	15,622	—	25,278	140,273	181,173
As at 31 December 2025					
Cost	25,571	8,706	95,695	178,639	308,611
Accumulated amortisation	(9,949)	(8,706)	(70,417)	(38,366)	(127,438)
Net carrying amount	15,622	—	25,278	140,273	181,173

30 June 2026

	Software *RMB'000*	Technology licence fee *RMB'000*	Technical know-how *RMB'000*	Patent *RMB'000*	Total *RMB'000*
As at 1 January 2026					
Cost	25,571	8,706	95,695	178,639	308,611
Accumulated amortisation	(9,949)	(8,706)	(70,417)	(38,366)	(127,438)
Net carrying amount	15,622	—	25,278	140,273	181,173
As at 1 January 2026, net of accumulated amortisation	15,622	—	25,278	140,273	181,173
Additions	—	—	—	43	43
Transfer from PPE *(note 14)*	15,754	—	—	—	15,754
Amortisation during the period *(note 6)*	(1,684)	—	(5,408)	(7,083)	(14,175)
As at 30 June 2026, net of accumulated amortisation	29,692	—	19,870	133,233	182,795
As at 30 June 2026					
Cost	41,325	8,706	95,695	178,682	324,408
Accumulated amortisation	(11,633)	(8,706)	(75,825)	(45,449)	(141,613)
Net carrying amount	29,692	—	19,870	133,233	182,795

Impairment testing of other intangible assets

The impairment losses on intangible assets amounting to RMB61,254,000 as at 1 January 2023 related to one of the Group's subsidiaries, 彤程精細化工(江蘇)有限公司 ("Red Avenue Fine Chemicals (Jiangsu) Co., Ltd."). The intangible assets together with the impairment losses were subsequently fully written off upon the liquidation of this subsidiary as of 31 December 2023.

The Company

	Software
	RMB'000
As at 1 January 2023	
Cost	2,897
Accumulated amortisation	(1,358)
As at 1 January 2023, net of accumulated amortisation	1,539
Transfer from PPE *(note 14)*	13,525
Amortisation during the year	(1,573)
As at 31 December 2023 and 1 January 2024, net of accumulated amortisation	13,491
Amortisation during the year	(1,956)
As at 31 December 2024 and 1 January 2025, net of accumulated amortisation	11,535
Amortisation during the year	(1,751)
As at 31 December 2025 and 1 January 2026, net of accumulated amortisation	9,784
Transfer from PPE *(note 14)*	396
Amortisation during the period	(871)
As at 30 June 2026, net of accumulated amortization	9,309
As at 30 June 2026	
Cost	16,818
Accumulated amortisation	(7,509)
Net carrying amount	9,309

19. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	1,580,241	2,131,238	2,535,103	2,558,040
Impairment	—	—	(3,193)	(3,193)
Total	1,580,241	2,131,238	2,531,910	2,554,847

The Group's transactions and balances with the associates are set out in note 43 to the Historical Financial Information.

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business held	Percentage of ownership interest attributable to the Group — As at 31 December 2023	2024	2025	As at 30 June 2026	Principal activities
Zhongce Rubber	Ordinary shares	Chinese Mainland	8.92%	8.92%	8.03%	8.03%	Manufacture and sales of tyres and rubber products
浦林成山控股有限公司 (Prinx Chengshan Holdings Limited (Prinx Chengshan))	Ordinary shares	Hong Kong	3.90%*	5.13%	5.12%	5.12%	Manufacture and sales of tyres and rubber products

The Group has significant influence over the associates as the Group has the power to participate in the financial and operating policy decisions of those associates by appointing a director to the board of directors of the associates.

* Prior to 2024, the Group accounted for investment in Prinx Chengshan as financial assets at fair value through profit or loss. In 2024, Prinx Chengshan became an associate of the Group as the Group contributed additional capital to this associate and has the power to participate in the financial and operating policy decisions of the associate by appointing a director to the board of directors of Prinx Chengshan.

The following table illustrates the summarised financial information in respect of Zhongce Rubber adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	18,531,327	21,707,545	25,238,914	27,934,862
Non-current assets	20,664,354	23,116,894	26,982,148	27,819,596
Current liabilities	20,922,634	22,531,197	23,437,867	25,918,543
Non-current liabilities	4,089,924	4,815,902	3,971,049	4,676,670
Net assets	14,183,123	17,477,340	24,812,146	25,159,245
Reconciliation to the Group's interest in the associate:				
Non-controlling interests	801	779	781	782
Proportion of the Group's ownership	8.92%	8.92%	8.03%*	8.03%
Group's share of net assets of the associate	1,264,996	1,558,826	1,992,353	2,020,287
Adjustments *(note (1))*	253,127	173,274	141,204	134,801
Carrying amount of the investment	1,518,123	1,732,100	2,133,557	2,155,088
Fair value of the Group's investment	—**	—**	3,927,690	3,145,662

* In June 2025, Zhongce Rubber issued new shares to other investors, and the Group's shareholdings was reduced to 8.03%.

** Not applicable as Zhongce Rubber was then not a listed company.

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue *(note(1))*	35,252,255	39,254,810	44,956,230	23,474,496
Profit attributable to owners of the parent for the year/period *(note(1))*	2,637,869	3,787,149	4,147,469	2,440,403
Other comprehensive income attributable to owners of the parent *(note(1))*	152,360	157,435	345,710	(865,800)
Total comprehensive income for the year/period	2,790,229	3,944,584	4,493,179	1,574,603
Dividend declared	40,138	62,437	91,260	100,386

Note(1):

The adjustments represented the fair value adjustments to the underlying net assets of the associate upon acquisition of the associate. Other than the fair value adjustment, the financial information disclosed is based on the accounting information of the associates.

The following table illustrates the summarised financial information in respect of Prinx Chengshan adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*
Current assets	5,500,123	6,326,940	6,297,964
Non-current assets	5,524,583	5,417,734	5,749,945
Current liabilities	3,909,165	3,794,169	4,081,679
Non-current liabilities	572,078	761,096	801,835
Net assets	6,543,463	7,189,409	7,164,395
Reconciliation to the Group's interest in the associate:			
Non-controlling interests	(81)	(46)	(87)
Proportion of the Group's ownership	5.13%	5.12%	5.12%
Group's share of net assets of the associate	335,942	368,211	366,817
Adjustments *(note (1))*	2,484	1,137	1,400
Carrying amount of the investment	338,426	369,348	368,217
Fair value of the Group's investment	207,267	230,196	209,088

	The period from the date accounted for as an associate to 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*
Revenue *(note(1))*	8,518,164	11,806,801	5,786,325
Profit attributable to owners of the parent for the year/period *(note(1))*	994,458	1,087,594	413,703
Other comprehensive income attributable to owners of the parent *(note(1))*	57,592	(92,849)	(163,364)
Total comprehensive income for the year/period *(note(1))*	1,052,050	994,745	250,339
Dividend declared	12,372	13,453	14,440

Note(1):

The adjustments represented the fair value adjustments to the underlying net assets of the associate upon acquisition of the associate. Other than the fair value adjustment, the financial information disclosed is based on the accounting records of the associates.

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' loss for the year/period	(2,233)	(1,406)	(6,919)	(2,317)
Share of the associates' total comprehensive loss	(2,233)	(1,406)	(6,919)	(2,317)
Aggregate carrying amount of the Group's investments in the associates	62,118	60,712	29,005	31,542

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	1,580,241	1,792,812	2,165,755	2,189,823
Impairment	—	—	(3,193)	(3,193)
Total	1,580,241	1,792,812	2,162,562	2,186,630

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries:				
Cost	2,159,169	2,438,221	2,708,032	2,672,458
Cost relating to share-based payment to the employees of the subsidiaries	25,827	60,010	65,588	43,540
Total	2,184,996	2,498,231	2,773,620	2,715,998

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

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments, at fair value				
江蘇恒諾新材料科技有限公司 (Jiangsu Hengnuo New Materials Technology Co., Ltd.)	15,025	14,925	16,191	13,825
深恒和投資管理(深圳)有限公司 (Shenzhen Henghe Investment Management (Shenzhen) Co., Ltd.)	13,399	14,630	14,630	13,572
藝格工裝(北京)科技有限公司 (Yige Workwear (Beijing) Technology Co., Ltd.)	999	1,222	—	—
上海美麗境界股權投資管理有限公司 (Shanghai BMC Investment Management Co., Ltd.)	920	920	920	96
江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co., Ltd. (Xingda Steel Tyre))	32,000	—	—	—
深圳小胖科技有限公司 (Shenzhen Xiaopang Technology Co., Ltd. (Shenzhen Xiaopang))	13,113	13,715	—	—
Total	75,456	45,412	31,741	27,493

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

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Group received dividends of RMB1,820,000, RMB1,860,000, RMB450,000 and RMB500,000, respectively.

In 2024, the Group disposed of its equity interest in Xingda Steel Tyre for a total consideration of RMB33,893,000 as this investment was no longer allied with the Group's investment strategy. The consideration received by the Group for the disposal was RMB33,893,000 and the accumulated gain recognised in other comprehensive income of RMB4,140,000 was transferred to retained profits, RMB460,000 was transferred to statutory surplus reserve, respectively.

In 2025, the Group disposed of its equity interest in Shenzhen Xiaopang as this investment was no longer allied with the Group's investment strategy. The fair value of this investment upon disposal was RMB13,715,000 and the accumulated gain recognised in other comprehensive income of RMB2,786,000 was transferred to retained profits.

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments, at fair value	74,536	44,492	30,821	27,397

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Listed equity investments	143,736	—	—	—
Structure deposit	—	—	—	2,000
	143,736	—	—	2,000
Non-current portion				
Listed equity investments	—	—	—	21,431
Unlisted equity investments and investment funds, at fair value	109,572	128,634	122,631	118,799
	109,572	128,634	122,631	140,230
Total	253,308	128,634	122,631	142,230

The structure deposit 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.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group received dividends of RMB3,105,000, nil, nil, nil(unaudited) and 331,000, respectively.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Listed equity investments	—	—	—	21,431
Unlisted equity investments and investment funds, at fair value	109,572	128,634	122,631	118,799
Total	109,572	128,634	122,631	140,230

23. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Changes in fair value of equity investments designated at fair value through other comprehensive income	Impairment of financial assets and non-financial assets	Interest on convertible bonds	Deferred income	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	24,324	9,342	3,595	5,871	13,454	—	2,893	59,479
Deferred tax (charged)/credited to profit or loss during the year	(5,160)	—	337	5,981	4,118	14,596	212	20,084
Deferred tax credited to other comprehensive income during the year	—	567	—	—	—	—	—	567
Gross deferred tax assets at 31 December 2023 and 1 January 2024	19,164	9,909	3,932	11,852	17,572	14,596	3,105	80,130
Deferred tax (charged)/credited to profit or loss during the year	(8,720)	1,533	15,763	4,177	128	(2,315)	2,510	13,076
Deferred tax credited to tax payable during the year	—	(1,533)	—	—	—	—	—	(1,533)
Deferred tax credited to other comprehensive income during the year	—	(56)	—	—	—	—	—	(56)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	10,444	9,853	19,695	16,029	17,700	12,281	5,615	91,617
Deferred tax credited/(charged) to profit or loss during the year	40,489	—	(675)	(16,029)	(1,222)	(4,697)	(2,294)	15,572
Deferred tax charged to other comprehensive income during the year	—	(630)	—	—	—	—	—	(630)
Gross deferred tax assets at 31 December 2025 and 1 January 2026	50,933	9,223	19,020	—	16,478	7,584	3,321	106,559
Deferred tax (charged)/credited to profit or loss during the period	(11,038)	—	309	—	(414)	(29)	5,515	(5,657)
Deferred tax credited to other comprehensive income during the period	—	1,412	—	—	—	—	—	1,412
Deferred tax credited to share-based payments reserve during the period*	—	—	—	—	—	—	10,785	10,785
Gross deferred tax assets at 30 June 2026	39,895	10,635	19,329	—	16,064	7,555	19,621	113,099

* Deferred tax assets arising from equity-settled share-based payments are recognised to the extent that future taxable profits are probable, with the tax effect of any excess deductible amount over the cumulative recognised expense taken directly to equity.

Deferred tax liabilities

	Right-of-use assets *RMB'000*	Fair value adjustment arising from acquisition of subsidiaries *RMB'000*	Withholding tax *RMB'000*	Changes in fair value of financial assets at fair value through profit or loss *RMB'000*	Changes in fair value of equity investments designated at fair value through other comprehensive income *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2023	85	27,826	27,173	10,001	6,721	1,648	73,454
Deferred tax charged/(credited) to profit or loss during the year	13,524	(2,003)	393	1,142	—	(1,576)	11,480
Deferred tax credited to other comprehensive income during the year	—	—	—	—	(4,003)	—	(4,003)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	13,609	25,823	27,566	11,143	2,718	72	80,931
Deferred tax (credited)/charged to profit or loss during the year	(2,332)	(2,399)	200	(2,734)	—	301	(6,964)
Deferred tax credited to other comprehensive income during the year	—	—	—	—	(627)	—	(627)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	11,277	23,424	27,766	8,409	2,091	373	73,340
Deferred tax (credited)/charged to profit or loss during the year	(2,333)	(2,333)	10,854	(1,501)	—	(177)	4,510
Deferred tax charged to other comprehensive income during the year	—	—	—	—	317	—	317
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	8,944	21,091	38,620	6,908	2,408	196	78,167
Deferred tax (credited)/charged to profit or loss during the period	(2,264)	(1,164)	2,191	(958)	—	1,131	(1,064)
Deferred tax credited to other comprehensive income during the period	—	—	—	—	(2,111)	—	(2,111)
Gross deferred tax liabilities at 30 June 2026	6,680	19,927	40,811	5,950	297	1,327	74,992

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	52,660	69,469	88,105	98,847
Net deferred tax liabilities recognised in the consolidated statement of financial position	53,461	51,192	59,713	60,740

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	413,157	488,677	352,576	386,175
Deductible temporary differences	126,745	123,523	186,004	123,125
Total	539,902	612,200	538,580	509,300

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In Chinese Mainland, the tax losses are eligible to be carried forward for 5 years, where the tax losses of entity recognised as a High and New Technology Enterprises are eligible to be carried forward for 10 years. The majority of tax losses in overseas are carried forward indefinitely.

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

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Changes in fair value of equity investments designated at fair value through other comprehensive income	Interest on convertible bonds	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	20,229	9,342	5,871	—	323	35,765
Deferred tax (charged)/credited to profit or loss during the year	(9,237)	—	5,981	14,596	323	11,663
Deferred tax credited to other comprehensive income during the year	—	567	—	—	—	567
Gross deferred tax assets at 31 December 2023 and 1 January 2024	10,992	9,909	11,852	14,596	646	47,995
Deferred tax (charged)/credited to profit or loss during the year	(8,201)	1,533	4,177	(2,315)	968	(3,838)
Deferred tax charged to retained profits during the year	—	(1,533)	—	—	—	(1,533)
Deferred tax charged to other comprehensive income during the year	—	(56)	—	—	—	(56)

	Tax losses	Changes in fair value of equity investments designated at fair value through other comprehensive income	Interest on convertible bonds	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 31 December 2024 and 1 January 2025	2,791	9,853	16,029	12,281	1,614	42,568
Deferred tax credited/(charged) to profit or loss during the year	24,798	—	(16,029)	(4,697)	(435)	3,637
Deferred tax charged to other comprehensive income during the year	—	(630)	—	—	—	(630)
Gross deferred tax assets at 31 December 2025 and 1 January 2026	27,589	9,223	—	7,584	1,179	45,575
Deferred tax (charged)/credited to profit or loss during the period	(5,330)	—	—	(29)	2,137	(3,222)
Deferred tax credited to other comprehensive income during the period	—	1,236	—	—	—	1,236
Deferred tax credited to share-based payments reserve during the period	—	—	—	—	2,395	2,395
Gross deferred tax assets at 30 June 2026	22,259	10,459	—	7,555	5,711	45,984

Deferred tax liabilities

	Right-of-use assets	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	85	10,001	6,691	16,777
Deferred tax charged to profit or loss during the year	13,524	1,142	—	14,666
Deferred tax credited to other comprehensive income during the year	—	—	(4,003)	(4,003)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	13,609	11,143	2,688	27,440
Deferred tax credited to profit or loss during the year	(2,332)	(2,734)	—	(5,066)
Deferred tax credited to other comprehensive income during the year	—	—	(627)	(627)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	11,277	8,409	2,061	21,747
Deferred tax credited to profit or loss during the year	(2,333)	(1,501)	—	(3,834)
Deferred tax charged to other comprehensive income during the year	—	—	317	317
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	8,944	6,908	2,378	18,230
Deferred tax credited to profit or loss during the period	(2,264)	(958)	—	(3,222)
Deferred tax credited to other comprehensive income during the period	—	—	(2,081)	(2,081)
Gross deferred tax liabilities at 30 June 2026	6,680	5,950	297	12,927

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	20,555	20,821	27,345	33,057

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	214,170	214,815	191,779	186,674

24. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	231,122	263,059	312,230	238,989
Raw materials	192,414	214,847	244,414	318,136
Work in progress	7,370	11,930	18,909	25,629
Materials consigned for processing	11,141	8,317	16,127	6,801
	442,047	498,153	591,680	589,555
Provision for inventories	(11,318)	(11,939)	(10,247)	(7,662)
Total	430,729	486,214	581,433	581,893

The movements in provision

	Year ended 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of year/period	5,619	11,318	11,939	10,247
Impairment losses recognised, net *(note 6)*	5,699	9,540	7,828	1,913
Amounts written off	—	(8,919)	(9,520)	(4,498)
Carrying amount at the end of year/period	11,318	11,939	10,247	7,662

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	1,987	354	109	616

25. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	614,087	649,274	701,386	924,089
Less: Impairment losses	(12,176)	(11,986)	(11,393)	(12,364)
Net carrying amount	601,911	637,288	689,993	911,725
Bills receivables at amortised cost	76,938	108,912	98,668	111,679
Bills receivables at fair value through other comprehensive income	329,892	318,724	284,380	309,730
Net carrying amount	406,830	427,636	383,048	421,409
Total	1,008,741	1,064,924	1,073,041	1,333,134

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up 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 department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, certain bills receivables measured at fair value amounting to RMB17,588,000, nil, nil and nil, respectively, were pledged to banks as collateral for issuance of bank bills (note 40).

An ageing analysis of the trade and bills receivables at amortised cost as at the end of each of the Relevant Periods, based on the time of revenue recognition and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	672,271	722,918	782,701	1,018,865
Seven months to one year	2,515	14,713	2,259	2,777
Over one year and within two years	2,843	7,732	2,136	1,135
Over two years and within three years	1,102	837	1,565	627
Over three years	118	—	—	—
Total	678,849	746,200	788,661	1,023,404

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

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	13,700	12,176	11,986	11,393
Impairment losses, net	1,814	82	787	971
Amount written off as uncollectible	(3,201)	(272)	(1,380)	—
Disposal of a subsidiary	(137)	—	—	—
At the end of year/period	12,176	11,986	11,393	12,364

Bills receivables were mostly issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was not significant as at the end of each of the Relevant Periods.

The Group applies simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of the reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on aging information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, reasonable and supportable information that is available at the reporting date 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.

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

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 31 December 2023						
On a collective basis:						
Expected credit loss rate	0.28%	17.91%	27.19%	38.01%	85.46%	0.99%
Gross carrying amount (RMB'000)	597,435	2,608	3,159	2,202	2,511	607,915
Expected credit losses (RMB'000)	1,695	467	859	837	2,146	6,004
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						6,172
Expected credit losses (RMB'000)						6,172

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 31 December 2024						
On a collective basis:						
Expected credit loss rate	0.30%	3.08%	10.00%	49.97%	100.00%	0.95%
Gross carrying amount (RMB'000)	615,826	15,181	8,591	1,675	2,146	643,419
Expected credit losses (RMB'000)	1,822	467	859	837	2,146	6,131
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						5,855
Expected credit losses (RMB'000)						5,855

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 31 December 2025						
On a collective basis:						
Expected credit loss rate	0.37%	5.00%	10.03%	50.00%	100.00%	0.80%
Gross carrying amount (RMB'000)	686,570	2,378	2,374	3,130	1,079	695,531
Expected credit losses (RMB'000)	2.537	119	238	1,565	1,079	5,538
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						5,855
Expected credit losses (RMB'000)						5,855

	Within six months	Seven months to one year	Over one year and within two years	Over two years and within three years	Over three years	Total
As at 30 June 2026						
On a collective basis:						
Expected credit loss rate	0.16%	4.99%	9.99%	49.92%	100.00%	0.71%
Gross carrying amount (RMB'000)	908,672	2,923	1,261	1,252	4,126	918,234
Expected credit losses (RMB'000)	1,486	146	126	625	4,126	6,509
On an individual basis:						
Expected credit loss rate						100.00%
Gross carrying amount (RMB'000)						5,855
Expected credit losses (RMB'000)						5,855

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	72,457	68,433	73,013	78,022
Less: Impairment losses	(93)	(397)	(418)	(391)
Net carrying amount	72,364	68,036	72,595	77,631
Bills receivables at amortised cost	—	22,429	10,388	26,855
Bills receivables at fair value through other comprehensive income	53,085	56,192	56,147	67,282
Net carrying amount	53,085	78,621	66,535	94,137
Total	125,449	146,657	139,130	171,768

An ageing analysis of the trade and bills receivables at amortised cost as at the end of each of the Relevant Periods, based on the time of revenue recognition and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	72,135	89,299	82,983	103,989
Seven months to one year	229	1,166	—	497
Total	72,364	90,465	82,983	104,486

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

	Year ended 31 December			Six months ended 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	858	93	397	418
(Reversal of impairment loss)/Impairment losses, net	(765)	304	21	(27)
At the end of year/period	93	397	418	391

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

	Within six months	**Seven months to one year**	**Total**
As at 31 December 2023			
On a collective basis:			
Expected credit loss rate	0.12%	2.55%	0.13%
Gross carrying amount (RMB'000)	72,222	235	72,457
Expected credit losses (RMB'000)	87	6	93

	Within six months	**Seven months to one year**	**Total**
As at 31 December 2024			
On a collective basis:			
Expected credit loss rate	0.50%	4.97%	0.58%
Gross carrying amount (RMB'000)	67,205	1,228	68,433
Expected credit losses (RMB'000)	336	61	397

	Within six months
As at 31 December 2025	
On a collective basis:	
Expected credit loss rate	0.57%
Gross carrying amount (RMB'000)	73,013
Expected credit losses (RMB'000)	418

	Within six months	Seven months to one year	Total
As at 30 June 2026			
On a collective basis:			
Expected credit loss rate	0.50%	4.95%	0.50%
Gross carrying amount (RMB'000)	77,921	101	78,022
Expected credit losses (RMB'000)	386	5	391

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Prepayments to suppliers	31,672	35,120	46,328	35,179
Value added tax recoverable	17,355	26,895	42,411	30,386
Listing expenses	—	—	3,970	17,388
Dividend receivable	—	—	—	14,440
Deposits	7,031	4,791	8,123	6,860
Deferred expenses	3,502	3,909	995	1,910
Prepayment for acquisition of equity investment	13,500	—	—	—
Other receivables	26,163	23,477	22,663	21,825
	99,223	94,192	124,490	127,988
Impairment losses	(11,129)	(11,406)	(11,224)	(10,883)
	88,094	82,786	113,266	117,105
Non-current portion				
Prepayments for acquisitions of property, plant and equipment	24,241	43,271	37,174	33,499
Value added tax recoverable	—	3,761	8,101	11,173
Deferred expenses	1,014	5,186	5,688	4,361
	25,255	52,218	50,963	49,033
Total	113,349	135,004	164,229	166,138

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to assess the expected credit losses for financial assets included in prepayments, other receivables and other assets under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

Year ended 31 December 2023

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	297	5,799	12,324	18,420
Impairment losses, net	(210)	(5,767)	9,402	3,425
Liquidation of a subsidiary	—	—	(10,716)	(10,716)
At the end of the year	87	32	11,010	11,129

Year ended 31 December 2024

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	87	32	11,010	11,129
Impairment losses, net	147	209	—	356
Amount written off as uncollectible	—	(79)	—	(79)
At the end of the year	234	162	11,010	11,406

Year ended 31 December 2025

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year	234	162	11,010	11,406
Impairment losses, net	(159)	(23)	—	(182)
At the end of the year	75	139	11,010	11,224

For the six months ended 30 June 2026

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period	75	139	11,010	11,224
Impairment losses, net	(31)	174	16	159
Amount written off as uncollectible	—	—	(500)	(500)
At the end of the period	44	313	10,526	10,883

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Listing expenses	—	—	3,970	17,388
Deposits	3,709	3,707	3,708	2,571
Deferred expenses	1,484	2,008	657	657
Other receivables	948	1,697	1,262	852
	6,141	7,412	9,597	21,468
Less: Impairment losses	(26)	(153)	(153)	(153)
Total	6,115	7,259	9,444	21,315

27. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Cash and bank balances	743,987	1,173,804	1,239,637	1,060,377
Less: Pledged deposits	(38,922)	(36,004)	(24,750)	(24,918)
Time deposits with original maturity of more than three months and due within one year	(43,629)	(634,591)	(738,737)	(599,773)
Total cash and cash equivalents	661,436	503,209	476,150	435,686
Cash and cash equivalents				
Denominated in RMB	175,012	223,341	109,683	258,306
Denominated in USD	450,352	215,066	289,950	126,302
Denominated in other foreign currencies	36,072	64,802	76,517	51,078
Total	661,436	503,209	476,150	435,686
Pledged deposits				
Denominated in RMB	38,922	36,004	24,750	24,918
Time deposits				
Denominated in USD	43,629	634,591	738,737	599,773

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Cash and cash equivalents	109,504	89,376	18,802	60,624
Cash and cash equivalents				
Denominated in RMB	74,193	86,199	18,784	58,889
Denominated in USD	35,311	3,177	18	1,735
Total	109,504	89,376	18,802	60,624

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, pledged deposits amounting to RMB38,922,000, RMB36,004,000, RMB24,750,000 and RMB24,918,000, respectively, were pledged as collateral for the issuance of bank bills, letter of credit and performance bond (note 40).

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group assessed the credit risk of cash and cash equivalents, time deposits and pledged deposits to be minimal as they were placed in reputable financial institutions.

28. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	518,019	441,604	495,942	471,666
Bills payable	134,433	87,028	76,819	117,372
Total	652,452	528,632	572,761	589,038

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	636,777	510,302	561,320	575,289
1 to 2 years	15,488	16,377	4,428	6,745
Over 2 years	187	1,953	7,013	7,004
Total	652,452	528,632	572,761	589,038

Trade and bills payables are non-interest-bearing.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	13,567	21,135	19,351	16,269

An ageing analysis of the trade payables as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	13,567	21,135	19,351	16,269

29. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments on sales of goods	3,405	3,368	4,995	4,160

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants received in advance*	32,720	118,380	161,580	148,580
Accrued expenses	44,328	65,758	57,111	62,630
Payroll and welfare payables	65,927	71,249	69,865	45,437
Repurchase obligation recognised under share award scheme	99,647	50,285	24,431	23,919
Payable for acquisition of equity investment	15,025	15,025	15,025	—
Other taxes payables	7,497	6,445	7,920	16,260
Others	19,151	21,909	23,614	23,842
Total	284,295	349,051	359,546	320,668

* These government grants have been advanced to the Group by the local governments for those relevant projects not yet completing the acceptance by the local governments.

The Company

	As at 31 December 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	As at 30 June 2026 *RMB'000*
Repurchase obligation recognised under share award scheme	99,647	50,285	24,431	23,919
Payable for acquisition of equity investment	15,025	15,025	15,025	—
Payroll and welfare payables	7,228	5,939	6,507	4,940
Other taxes payables	1,588	2,845	3,310	1,531
Others	4,914	2,653	2,877	5,173
Total	128,402	76,747	52,150	35,563

Other payables and accruals are unsecured, non-interest-bearing and have no fixed terms of repayments, except for repurchase obligations recognised under share award scheme as further set out in note 37 to the Historical Financial Information.

31. INTEREST BEARING BANK AND OTHER BORROWINGS

The Group

As at 31 December 2023

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — unsecured	2.56%–3.30%	2024	475,145
Current portion of non-current bank loans — secured	3.10%–3.20%	2024	54,216
Current portion of non-current bank loans — unsecured	2.90%–3.20%	2024	313,910
Current portion of convertible bonds	4.35%	2024	4,695
			847,966
Non-current			
Bank loans — secured	3.10%–3.20%	2025–2031	610,492
Bank loans — unsecured	2.90%–3.20%	2025–2026	663,850
Convertible bonds	4.35%	2027	532,458
			1,806,800
Total			2,654,766

As at 31 December 2024

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — unsecured	2.40%–2.80%	2025	765,159
Current portion of non-current bank loans — secured	2.40%–2.75%	2025	93,368
Current portion of non-current bank loans — unsecured	2.50%–3.05%	2025	987,378
Current portion of convertible bonds	4.35%	2025	6,929
Discounted bills	0.90%–1.04%	2025	23,885
			1,876,719
Non-current			
Bank loans — secured	2.40%–2.75%	2026–2031	660,931
Bank loans — unsecured	2.55%–3.00%	2026–2029	745,450
Convertible bonds	4.35%	2027	549,429
			1,955,810
Total			3,832,529

As at 31 December 2025

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — unsecured	2.11%–2.40%	2026	1,143,486
Current portion of non-current bank loans — secured	2.40%–2.43%	2026	117,079
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2026	850,884
Discounted bills	1.31%	2026	3,290
			2,114,739
Non-current			
Bank loans — secured	2.40%–2.43%	2027–2031	545,201
Bank loans — unsecured	2.24%–2.45%	2027–2029	1,130,400
			1,675,601
Total			3,790,340

As at 30 June 2026

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — unsecured	2.11%–2.40%	2027	1,722,433
Current portion of non-current bank loans — secured	2.24%–2.45%	2027	130,806
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2027	900,134
Discounted bills	0.6%–0.9%	2026	17,290
			2,770,663
Non-current			
Bank loans — secured	2.26%–2.45%	2027–2031	478,608
Bank loans — unsecured	2.24%–2.50%	2027–2031	832,000
			1,310,608
Total			4,081,271

An analysis of the maturity of borrowings is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank borrowings repayable:				
Within one year	843,271	1,845,905	2,111,449	2,753,373
In the second year	613,308	778,980	834,685	1,016,312
In the third to fifth years, inclusive	465,056	470,525	755,348	251,512
Beyond five years	195,978	156,876	85,568	42,784
	2,117,613	3,252,286	3,787,050	4,063,981
Convertible bonds:				
Within one year	4,695	6,929	—	—
In the third to fifth years, inclusive	532,458	549,429	—	—
	537,153	556,358	—	—
Discounted bills:				
Within one year	—	23,885	3,290	17,290
Total	2,654,766	3,832,529	3,790,340	4,081,271

The Company

As at 31 December 2023

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.56%–3.00%	2024	50,000
Short term bank loans — unsecured	3.00%	2024	195,000
Current portion of non-current bank loans — secured	3.10%–3.40%	2024	84,900
Current portion of non-current bank loans — unsecured	3.10%	2024	174,399
Current portion of convertible bonds	Weighted average of 4.35%	2024	4,695
			508,994
Non-current			
Bank loans — secured	3.05%–3.20%	2025–2026	360,000
Bank loans — unsecured	3.10%	2025–2026	125,150
Convertible bonds	Weighted average of 4.35%	2027	532,458
			1,017,608
Total			1,526,602

As at 31 December 2024

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.40%–2.60%	2025	235,500
Short term bank loans — unsecured	2.60%–2.70%	2025	259,500
Current portion of non-current bank loans — secured	2.50%–2.95%	2025	448,250
Current portion of non-current bank loans — unsecured	2.70%–3.00%	2025	91,180
Current portion of convertible bonds	Weighted average of 4.35%	2025	6,929
Discounted bills	1.04%	2025	2,300
			1,043,659
Non-current			
Bank loans — secured	2.75%-2.95%	2026	149,000
Bank loans — unsecured	2.70%–3.00%	2026	417,750
Convertible bonds	Weighted average of 4.35%	2027	549,429
			1,116,179
Total			2,159,838

As at 31 December 2025

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.11%–2.30%	2026	366,850
Short term bank loans — unsecured	2.11%–2.40%	2026	320,000
Current portion of non-current bank loans — secured	2.28%–2.40%	2026	127,500
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2026	246,139
			1,060,489
Non-current			
Bank loans — secured	2.26%–2.40%	2027	318,000
Bank loans — unsecured	2.24%–2.30%	2027–2028	571,000
			889,000
Total			1,949,489

As at 30 June 2026

	Effective interest rate	Maturity year	RMB'000
Current			
Short term bank loans — secured	2.11%–2.12%	2027	847,350
Short term bank loans — unsecured	2.11%	2027	479,000
Current portion of non-current bank loans — secured	2.24%–2.40%	2027	94,000
Current portion of non-current bank loans — unsecured	2.24%–2.45%	2027	297,925
			1,718,275
Non-current			
Bank loans — secured	2.26%–2.30%	2027	231,000
Bank loans — unsecured	2.26%–2.30%	2027–2028	428,000
			659,000
Total			2,377,275

An analysis of the maturity of borrowings is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank borrowings repayable:				
Within one year	504,299	1,034,430	1,060,489	1,718,275
In the second year	364,000	566,750	531,800	659,000
In the third to fifth years, inclusive	121,150	—	357,200	—
	989,449	1,601,180	1,949,489	2,377,275
Convertible bonds:				
Within one year	4,695	6,929	—	—
In the third to fifth years, inclusive	532,458	549,429	—	—
	537,153	556,358	—	—
Discounted bills:				
Within one year	—	2,300	—	—
Total	1,526,602	2,159,838	1,949,489	2,377,275

The Group's bank and other borrowings are all denominated in RMB.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the carrying amounts of assets pledged for the Group's bank borrowings are set out in notes 14, 16, 25 and 27 to the Historical Financial Information, respectively.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's bank loans amounting to RMB370,250,000, RMB375,900,000, RMB310,500,000 and RMB276,650,000, respectively, were pledged by the Group's 70.5% equity interest on Kempur and 81.1% equity interest on BAE, both of which are subsidiaries of the Company.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Company' s bank loans amounting to RMB494,900,000, RMB832,750,000, RMB812,350,000 and RMB1,172,350,000, respectively, were guaranteed by RACHEM and Sino Legend, both of which are subsidiaries of the Company.

32. CONVERTIBLE BONDS

The Group and the Company

The Company issued 8,001,800 convertible bonds with a nominal value of RMB100 per unit in 2021. The coupon rates of the bonds were 0.3% for year 1, 0.5% for year 2, 1.0% for year 3, 1.5% for year 4, 1.8% for year 5, and 2.0% for year 6 from the date of issuance. Interest is payable annually on 26 January, and the principal shall be repaid in a lump sum upon maturity together with the final year's interest. The initial conversion price of the convertible bonds issued this time was RMB32.96 per share. The conversion period was from 2 August 2021 to 25 January 2027.

Due to the Company's share price remaining not lower than 130% of the conversion price for 15 consecutive working days, the conditional redemption clause of the Company's convertible bond has been triggered. Accordingly, the Company exercised the early redemption right to the convertible bond and redeemed all the convertible bond at the principal amount with interest accredited. On 14 November 2025, the Company's convertible bond was delisted.

The movement of liability and equity components of convertible bonds as at the end of each of the Relevant Periods is as follows:

Liability Component

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	516,025	537,153	556,358	—
Interest accredited	23,926	24,756	14,278	—
Interest paid	(2,682)	(5,365)	(8,045)	—
Conversion into ordinary shares	(116)	(186)	(562,591)	—
At the end of year/period	537,153	556,358	—	—
Analysed into:				
Current portion *(note 31)*	4,695	6,929	—	—
Non-current portion *(note 31)*	532,458	549,429	—	—

Other Equity Instruments

	Numbers ('000)	Carry amounts
As at 1 January 2023	5,366	55,374
Upon conversion into ordinary shares	(1)	(12)
As at 31 December 2023 and 1 January 2024	5,365	55,362
Upon conversion into ordinary shares	(3)	(18)
As at 31 December 2024 and 1 January 2025	5,362	55,344
Upon conversion into ordinary shares	(5,362)	(55,344)
As at 31 December 2025, 1 January 2026 and 30 June 2026	—	—

33. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants				
Asset-related grants*	109,439	112,585	112,792	111,991
Reimbursement for future expenditures	922	193	1,170	943
Total	110,361	112,778	113,962	112,934

* The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

34. SHARE CAPITAL

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Ordinary shares of RMB1.00 each	599,831	599,081	616,108	616,083

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares *('000)*	Share capital *RMB'000*
As at 1 January 2023		596,122	596,122
Repurchase and cancellation of treasury shares	(a)	(1,062)	(1,062)
Restricted shares (as defined in note 37) granted under share award scheme	(b)	4,768	4,768
Exercise of conversion rights for convertible bonds	(c)	3	3
At 31 December 2023 and 1 January 2024		599,831	599,831
Restricted shares (as defined in note 37) granted under share award scheme	(d)	237	237
Repurchase and cancellation of treasury shares	(e)	(993)	(993)
Exercise of conversion rights for convertible bonds	(c)	6	6
At 31 December 2024 and 1 January 2025		599,081	599,081
Repurchase and cancellation of treasury shares	(f)	(160)	(160)
Exercise of conversion rights for convertible bonds	(c)	17,187	17,187
As at 31 December 2025 and 1 January 2026		616,108	616,108
Repurchase and cancellation of treasury shares	(g)	(25)	(25)
As at 30 June 2026		616,083	616,083

Notes:

(a) The Company repurchased and cancelled 1,062,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account of RMB1,062,000 and RMB30,022,000, respectively. The repurchased shares have been subsequently cancelled.

(b) The Company issued 4,768,000 shares with a nominal value of RMB1.00 each at an issue price of RMB14.88 per share for a total proceed of RMB70,948,000 and the difference between the nominal value of the shares and the consideration received of RMB66,180,000 was credited to share premium account. Correspondingly, the Group recognised a share repurchase obligation of RMB70,948,000 under the share award scheme (note 37).

(c) The Company issued shares upon exercise of conversion right of the convertible bonds by the holders.

(d) The Company issued 237,000 shares with a nominal value of RMB1.00 each at an issue price of RMB14.90 per share for total proceeds of RMB3,531,000 and the difference between the nominal value of the shares and the consideration received of RMB3,294,000 was credited to share premium account. Correspondingly, the Group recognised a share repurchase obligation of RMB3,531,000 under the share award scheme (note 37).

(e) The Company repurchased and cancelled 993,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account by RMB993,000 and RMB28,067,000, respectively. The repurchased shares have been subsequently cancelled.

(f) The Company repurchased and cancelled 160,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account of RMB160,000 and RMB2,222,000, respectively. The repurchased shares have been subsequently cancelled.

(g) The Company repurchased and cancelled 25,000 restricted shares (as defined in note 37), resulting in a reduction of share capital and share premium account of RMB25,000 and RMB313,000, respectively. The repurchased shares have been subsequently cancelled.

35. TREASURY SHARES

The Group and the Company

	As at 31 December			As at 30 June
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	2026 *RMB'000*
Treasury shares	100,008	131,521	104,816	104,478

A summary of movements in the Company's treasury shares is as follows:

	Notes	**Number of treasury shares** *('000)*	**Treasury shares** *RMB'000*
As at 1 January 2023		2,055	60,144
Repurchase and cancellation of treasury shares	34(a)	(1,062)	(31,084)
Restricted shares (as defined in note 37) granted under share award scheme	34(b)	4,768	70,948
At 31 December 2023 and 1 January 2024		5,761	100,008
Repurchase of ordinary shares	(a)	3,002	80,492
Restricted shares (as defined in note 37) granted under share award scheme	34(d)	237	3,531
Repurchase and cancellation of treasury shares	34(e)	(993)	(29,060)
Vesting of restricted shares (as defined in note 37)	(b)	(1,576)	(23,450)
At 31 December 2024 and 1 January 2025		6,431	131,521
Repurchase and cancellation of treasury shares	34(f)	(160)	(2,382)
Vesting of restricted shares (as defined in note 37)	(b)	(1,634)	(24,323)
As at 31 December 2025 and 1 January 2026		4,637	104,816
Repurchase and cancellation of treasury shares	34(g)	(25)	(338)
As at 30 June 2026		4,612	104,478

Notes:

(a) The Company repurchased an aggregate of 3,002,000 shares from secondary open market for an aggregate consideration of RMB80,492,000 and recorded as treasury shares.

(b) The vesting condition of the restricted shares (as defined in note 37) was fulfilled and were released to the eligible participant under the share award scheme. Correspondingly, the corresponding repurchase obligation of the Company was derecognized.

36. RESERVES

The Group

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) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at fair value through other comprehensive income under IFRS 9 that was held at the end of the Relevant Periods.

(b) Statutory surplus reserve

In accordance with the Company Laws of Chinese Mainland, the Group's companies are required to allocate 10% of their profit after tax to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions, part of the statutory surplus reserve may be converted to capital on the condition that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Capital and other reserve

Capital and other reserve mainly represented the difference between the consideration paid by the Group for acquisition of the share of net asset attributable to non-controlling equity holder, and share of associates' other net assets change (note 19).

(d) Other comprehensive income

Other comprehensive income comprises share of other comprehensive income of the Group's associates.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2023

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2023	1,174,996	10,346	(6,335)	109,863	(7,755)	184,797	1,465,912
Profit for the year	—	—	—	—	—	671,192	671,192
Other comprehensive income for the year:							
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(13,709)	—	—	—	(13,709)
Share of other comprehensive income of an associate	—	—	—	—	11,103	—	11,103
Total comprehensive income for the year	—	—	(13,709)	—	11,103	671,192	668,586
Restricted shares (as defined in note 37) granted under share award scheme	66,180	—	—	—	—	—	66,180
Exercise of conversion rights for convertible bonds	125	—	—	—	—	—	125
Repurchase and cancellation of treasury shares	(30,022)	—	—	—	—	—	(30,022)
Share-based payments	—	3,814	—	—	—	—	3,814
Appropriation of statutory surplus reserve	—	—	—	67,119	—	(67,119)	—
Dividend declared	—	—	—	—	—	(47,525)	(47,525)
As at 31 December 2023	1,211,279	14,160	(20,044)	176,982	3,348	741,345	2,127,070

Year ended 31 December 2024

	Share premium	Share-based payments reserve	Fair value reserve	Statutory surplus reserve	Capital and other reserve	Other comprehensive income	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	1,211,279	14,160	(20,044)	176,982	—	3,348	741,345	2,127,070
Profit for the year	—	—	—	—	—	—	414,482	414,482
Other comprehensive income for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	2,887	—	—	—	—	2,887
Share of other comprehensive income of an associate	—	—	—	—	—	7,810	—	7,810
Total comprehensive income for the year	—	—	2,887	—	—	7,810	414,482	425,179
Restricted shares (as defined in note 37) granted under share award scheme	3,294	—	—	—	—	—	—	3,294
Repurchase and cancellation of treasury shares	(28,067)	—	—	—	—	—	—	(28,067)
Exercise of conversion rights for convertible bonds	198	—	—	—	—	—	—	198
Vesting of restricted shares (as defined in note 37)	25,279	(25,279)	—	—	—	—	—	—
Share-based payments	—	40,995	—	—	—	—	—	40,995
Appropriation of statutory surplus reserve	—	—	—	41,448	—	—	(41,448)	—
Dividend declared	—	—	—	—	—	—	(501,420)	(501,420)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	(4,600)	460	—	—	4,140	—
Other*	—	—	—	—	10,040	—	—	10,040
As at 31 December 2024	1,211,983	29,876	(21,757)	218,890	10,040	11,158	617,099	2,077,289

* Other represent capital contribution from non-controlling equity holders of the Company.

Year ended 31 December 2025

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Capital and other reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2025	1,211,983	29,876	(21,757)	218,890	10,040	11,158	617,099	2,077,289
Profit for the year	—	—	—	—	—	—	308,461	308,461
Other comprehensive income for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(902)	—	—	—	—	(902)
Share of other comprehensive income of an associate	—	—	—	—	—	26,648	—	26,648
Total comprehensive income for the year	—	—	(902)	—	—	26,648	308,461	334,207
Repurchase and cancellation of treasury shares	(2,222)	—	—	—	—	—	—	(2,222)
Exercise of conversion rights for convertible bonds	600,748	—	—	—	—	—	—	600,748
Vesting of restricted shares (as defined in note 37)	26,980	(26,980)	—	—	—	—	—	—
Share-based payments	—	19,124	—	—	—	—	—	19,124
Share of associate's other net assets change	—	—	—	—	130,007	—	—	130,007
Appropriation of statutory surplus reserve	—	—	—	30,846	—	—	(30,846)	—
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	(2,786)	—	—	—	2,786	—
Dividend declared	—	—	—	—	—	—	(297,998)	(297,998)
As at 31 December 2025	1,837,489	22,020	(25,445)	249,736	140,047	37,806	599,502	2,861,155

For the six months ended 30 June 2026

	Share premium *RMB'000*	Share-based payments reserve *RMB'000*	Fair value reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Capital and other reserve *RMB'000*	Other comprehensive income *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2026	1,837,489	22,020	(25,445)	249,736	140,047	37,806	599,502	2,861,155
Profit for the period	—	—	—	—	—	—	194,806	194,806
Other comprehensive income for the period:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(108)	—	—	—	—	(108)
Share of other comprehensive income of an associate	—	—	—	—	—	(67,284)	—	(67,284)
Total comprehensive income for the period	—	—	(108)	—	—	(67,284)	194,806	127,414
Repurchase and cancellation of treasury shares	(313)	—	—	—	—	—	—	(313)
Share-based payments, including tax effects	—	6,570	—	—	—	—	—	6,570
Appropriation of statutory surplus reserve	—	—	—	19,481	—	—	(19,481)	—
Share of associate's other net assets change	—	—	—	—	6,702	—	—	6,702
Dividend declared	—	—	—	—	—	—	(306,541)	(306,541)
As at 30 June 2026	1,837,176	28,590	(25,553)	269,217	146,749	(29,478)	468,286	2,694,987

37. SHARE-BASED PAYMENTS

2021 Restricted Share Award Scheme

In 2021, a restricted share award scheme was approved by the Company's shareholder for those eligible participants including directors, senior management (excluding independent directors), and core personnel of the Group who had a direct impact on or had made outstanding contributions to the Group's business and ongoing development (the "2021 Restricted Share Award Scheme"). The Company implemented share award scheme by issuing new shares, The shares issued to eligible participants were restricted to be transferred during the vesting periods ("the restricted shares").

The restricted shares granted under 2021 Restricted Share Award Scheme consisted of two tranches: an initial grant portion and a reserved portion. The initial grant vests in three equal annual tranches from the grant date, while the reserved portion vests in two equal annual tranches from the same date, subject to the satisfaction of the following vesting conditions:

Initial portion:

— First vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2021 should be no less than 20%.

— Second vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2022 should be no less than 60%.

— Third vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2023 should be no less than 110%.

Reserve portion:

— First vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2022 should be no less than 60%.

— Second vesting period: on the basis of the Group's revenue derived in year 2020, the revenue growth in year 2023 should be no less than 110%.

The Company was required to repurchase the restricted shares granted at the original subscription price plus interest with applicable bank deposit rate for the period of restricted shares granted should the eligible participants fail to fulfill the vesting and performance condition.

The initial portion of restricted shares granted to eligible participants under the 2021 Restricted Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

Grant date	**Number of shares granted**	**Subscription price**	**Fair values on the grant date**
		RMB per share	*RMB per share*
17 September 2021	3,095,000	29.26	23.74

The fair value of the shares granted was determined on the basis of open market value at the grant date in Shanghai Stock Exchange.

The reserved portion of the restricted shares had not been granted during the Relevant Periods upon the cancellation of the 2021 Share Award Scheme in 2024.

The Group failed to fulfil the vesting conditions for the third vesting period, share-based payment expense of RMB10,547,000 was reversed in profit or loss during year ended 31 December 2023.

In 2024, the 2021 Share Award Scheme was cancelled.

2023 Restricted Share Award Scheme

In 2023, a restricted share award scheme was approved by the Company's shareholder for those eligible participants including directors, senior management (excluding independent directors), and core personnel of the Group who had a direct impact on or had made outstanding contributions to the Group's business and ongoing development (the "2023 Restricted Share Award Scheme"). The Company implemented share award scheme by issuing new shares, The shares issued to eligible participants were restricted to be transferred during the vesting periods "restricted shares").

The restricted shares granted under 2023 Restricted Share Award Scheme consisted of two tranches: an initial grant portion and a reserved portion. The initial grant vests in three equal annual tranches from the grant date, while the reserved portion vests in two equal annual tranches from the same date, subject to the satisfaction of the following vesting conditions:

Initial portion:

— First vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2023 should be no less than 10% or the net profit growth should be no less than 15%.

— Second vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2024 should be no less than 20% or the net profit growth should be no less than 30%.

— Third vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2025 should be no less than 30% or the net profit growth should be no less than 45%.

Reserve portion:

— First vesting period: on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2024 should be no less than 20% or the net profit growth should be no less than 30%.

— Second vesting period:on the basis of the Group's revenue or net profit derived in year 2022, the revenue growth in year 2025 should be no less than 30% or the net profit growth should be no less than 45%.

The Company is required to repurchase the restricted shares granted at the original subscription price plus interest with applicable bank deposit rate for the period of restricted shares granted should the eligible participants fail to fulfill the vesting and performance condition.

The initial portion and the reserve portion of restricted shares granted to eligible participants under the 2023 Restricted Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

	Grant date	**Number of shares granted**	**Subscription price**	**Fair values on the grant date**
			RMB per share	*RMB per share*
Initial portion	13 September 2023	4,768,000	14.88	16.98
Reserve portion	17 July 2024	237,000	14.90	13.95

The fair value of the shares granted was determined on the basis of open market value at the grant date in Shanghai Stock Exchange.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, share-based payment expenses of RMB14,911,000, RMB43,100,000, RMB19,231,000, RMB9,909,000 (unaudited) and RMB4,200,000 under 2023 Restricted Share Award Scheme were charged to the profit or loss, respectively.

The following shares granted under the above-mentioned plans were outstanding during the Relevant Periods:

	2021 Restricted Share award scheme (number of restricted shares)	**2023 Restricted Share award scheme (number of restricted shares)**
	('000)	*('000)*
Outstanding as at 1 January 2023	2,055	—
Granted during the year	—	4,768
Forfeited during the year	(1,062)	—
Outstanding as at 31 December 2023 and 1 January 2024	993	4,768
Granted during the year	—	237
Forfeited during the year	(993)	—
Vested during the year	—	(1,576)
Outstanding as at 31 December 2024 and 1 January 2025	—	3,429
Forfeited during the year	—	(160)
Vested during the year	—	(1,634)
Outstanding as at 31 December 2025	—	1,635
Forfeited during the period	—	(25)
Outstanding as at 30 June 2026	—	1,610

38. DISPOSAL OF A SUBSIDIARY

During 2023, the Group disposed of its 100% equity interest in 天津北旭新材料有限公司 (Tianjin Beixu New Materials Co., Ltd. ("Tianjin Beixu")) for a cash consideration of RMB20,000,000.

The carrying amount of the assets and liabilities on the date of disposal were as follows:

	Tianjin Beixu
	RMB'000
Non-current assets	13,179
Current assets	19,048
Current liabilities	5,011
Net assets disposed of	27,216
Losses on disposal of a subsidiary *(note 7)*	(7,216)
Total consideration	20,000
Satisfied by cash	20,000

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

	RMB'000
Cash consideration	20,000
Cash and bank balances disposed of	(1,859)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	18,141

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB57,545,000, RMB6,948,000 and RMB1,872,000 and non-cash additions to lease liabilities of RMB57,545,000, RMB6,948,000 and RMB1,872,000, respectively, in respect of lease arrangements for buildings and machinery. During the six months ended 30 June 2026, the Group had modification to lease arrangements for building with decrease in right-of-use assets of RMB5,593,000 and lease liabilities of RMB5,593,000 with no cash flow.

(b) Changes in liabilities arising from financing activities

	Interest bearing bank and other borrowings	**Lease liabilities**	**Other payables — Repurchase liabilities for treasury shares issued under share award scheme**	**Listing expenses payables**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,554,832	7,202	58,166	—
Changes from financing cash flows	2,053	(7,306)	40,454	—
New leases	—	57,545	—	—
Conversion into ordinary shares	(116)	—	—	—
Interest expense	97,997	943	1,027	—
As at 31 December 2023 and 1 January 2024	2,654,766	58,384	99,647	—
Changes from financing cash flows	1,073,828	(12,710)	(26,704)	—
Vesting of restricted shares (as defined in note 37)	—	—	(23,450)	—
New leases	—	6,948	—	—
Conversion into ordinary shares	(186)	—	—	—
Interest expense	104,121	2,475	792	—

	Interest bearing bank and other borrowings	Lease liabilities	Other payables — Repurchase liabilities for treasury shares issued under share award scheme	Listing expenses payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024 and 1 January 2025	3,832,529	55,097	50,285	—
Changes from financing cash flows	432,719	(12,001)	(1,531)	(3,970)
Listing expenses	—	—	—	3,970
New leases	—	1,872	—	—
Conversion into ordinary shares	(562,591)	—	—	—
Extinguishment of loans recognised from discounted bills receivable	(23,703)	—	—	—
Vesting of restricted shares (as defined in note 37)	—	—	(24,323)	—
Interest expense	111,386	2,189	—	—
At 31 December 2025 and 1 January 2026	3,790,340	47,157	24,431	—
Changes from financing cash flows	248,555	(5,380)	(512)	(12,710)
Listing expenses	—	—	—	13,418
Lease modification	—	(5,593)	—	—
Extinguishment of loans recognised from discounted bills receivable	(3,124)	—	—	—
Interest expense	45,500	773	—	—
At 30 June 2026	4,081,271	36,957	23,919	708

(c) Total cash outflow for leases

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

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	6,471	8,084	5,889	1,816
Within financing activities	7,306	13,725	12,001	5,380
Total	13,777	21,809	17,890	7,196

40. PLEDGE OF ASSETS

Details of the Group's assets pledged as collateral for the Group's bank borrowings, as well as for the issuance of bank acceptance bills, are included in notes 14, 16, 25, 27 and 31 to the Historical Financial Information, respectively.

41. COMMITMENTS

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

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Capital commitment	90,805	—	—	—
Property, plant and equipment	86,736	124,175	156,764	91,057

42. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

43. RELATED PARTY TRANSACTIONS

The Group

The directors are of the opinion that the following parties are related parties that had material transactions or balances with the Group during the Relevant Periods.

(a) Names of related parties and their relationship with the Group

Name	Relationship with the Group
RED AVENUE INVESTMENT GROUP LIMITED	The holding company of the Company
Gold Dynasty Limited	A company of which Ms. Zhang Ning (a director and shareholder of the Company) has beneficial interest as equity holder
Zhongce Rubber	An associate
Prinx Chengshan	An associate

(b) Transactions with related parties

The following transactions and balances were carried out between the Group and its related parties during the Relevant Periods and the six months ended 30 June 2025. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties. The Group has the following transactions with related parties:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of goods					
Zhongce Rubber	333,107	382,584	368,158	176,960	215,971
Prinx Chengshan	NA	34,888	41,560	23,871	29,220
Total	333,107	417,472	409,718	200,831	245,191

NA: Not applicable as Prinx Chengshan became an associate of the Group in 2024.

(c) Outstanding balances with related parties:

As at 31 December 2023

	Trade receivables	Impairment losses	Net carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Due from a related company			
Zhongce Rubber	100,497	352	100,145

As at 31December 2024

	Trade receivables	Impairment losses	Net carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Due from related companies			
Zhongce Rubber	127,801	630	127,171
Prinx Chengshan	18,055	90	17,965
Total	145,856	720	145,136

As at 31 December 2025

	Trade receivables	Impairment losses	Net carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Due from related companies			
Zhongce Rubber	108,280	403	107,877
Prinx Chengshan	16,207	60	16,147
Total	124,487	463	124,024

As at 30 June 2026

	Trade receivables *RMB'000*	Impairment losses *RMB'000*	Net carrying amount *RMB'000*
Due from related companies			
Zhongce Rubber	112,853	196	112,657
Prinx Chengshan	24,750	41	24,709
Total	137,603	237	137,366

	Balance *RMB'000*
Dividend Receivable	
Prinx Chengshan	14,440

Trade receivables due from associates are repayable on credit terms similar to those offered to the main trade customers of the Group.

Outstanding balances with related companies are unsecured, non-interest-bearing and repayments on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*	2025 *RMB'000* (unaudited)	2026 *RMB'000*
Fees	360	360	360	180	182
Salaries, bonuses, allowances and benefits in kind	15,457	15,484	12,975	6,636	5,560
Performance related bonuses	1,932	1,297	925	450	—
Share-based payments	580	5,076	2,025	1,101	457
Pension scheme contributions and social welfare	580	5,076	884	435	427
Total	18,909	27,293	17,169	8,802	6,626

Further details of directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

(e) Investment in a subsidiary

In 2025, the Group and Gold Dynasty Limited jointly invested in Red Avenue (Thailand) Co., Ltd. to construct a rubber additive production base. The Group holds a 51% equity in Red Avenue (Thailand) Co., Ltd. as a subsidiary.

44. 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:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	75,456	—	75,456
Financial assets at fair value through profit or loss	253,308	—	—	—	253,308
Trade and bills receivables	—	329,892	—	678,849	1,008,741
Due from related companies	—	—	—	100,145	100,145
Financial assets included prepayments, other receivables and other assets	—	—	—	35,565	35,565
Time deposits	—	—	—	43,629	43,629
Pledged deposits	—	—	—	38,922	38,922
Cash and cash equivalents	—	—	—	661,436	661,436
Total	253,308	329,892	75,456	1,558,546	2,217,202

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	652,452
Financial liabilities included in other payables and accruals	210,347
Interest-bearing bank and other borrowings	2,654,766
Total	3,517,565

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	45,412	—	45,412
Financial assets at fair value through profit or loss	128,634	—	—	—	128,634
Trade and bills receivables	—	318,724	—	746,200	1,064,924
Due from related companies	—	—	—	145,136	145,136
Financial assets included prepayments, other receivables and other assets	—	—	—	16,862	16,862
Time deposits	—	—	—	634,591	634,591
Pledged deposits	—	—	—	36,004	36,004
Cash and cash equivalents	—	—	—	503,209	503,209
Total	128,634	318,724	45,412	2,082,002	2,574,772

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	528,632
Financial liabilities included in other payables and accruals	270,823
Interest-bearing bank and other borrowings	3,832,529
Total	4,631,984

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	31,741	—	31,741
Financial assets at fair value through profit or loss	122,631	—	—	—	122,631
Trade and bills receivables	—	284,380	—	788,661	1,073,041
Due from related companies	—	—	—	124,024	124,024
Financial assets included prepayments, other receivables and other assets	—	—	—	19,562	19,562
Time deposits	—	—	—	738,737	738,737
Pledged deposits	—	—	—	24,750	24,750
Cash and cash equivalents	—	—	—	476,150	476,150
Total	122,631	284,380	31,741	2,171,884	2,610,636

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	572,761
Financial liabilities included in other payables and accruals	281,385
Interest-bearing bank and other borrowings	3,790,340
Total	4,644,486

As at 30 June 2026

Financial assets

		Financial assets at fair value through other comprehensive income			
	Financial assets at fair value through profit or loss *RMB'000*	Debt investments *RMB'000*	Equity investments *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	27,493	—	27,493
Financial assets at fair value through profit or loss	142,230	—	—	—	142,230
Trade and bills receivables	—	309,730	—	1,023,404	1,333,134
Due from related companies	—	—	—	137,366	137,366
Financial assets included prepayments, other receivables and other assets	—	—	—	32,242	32,242
Time deposits	—	—	—	599,773	599,773
Pledged deposits	—	—	—	24,918	24,918
Cash and cash equivalents	—	—	—	435,686	435,686
Total	142,230	309,730	27,493	2,253,389	2,732,842

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	589,038
Financial liabilities included in other payables and accruals	258,434
Interest-bearing bank and other borrowings	4,081,271
Total	4,928,743

45. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks in Chinese Mainland (collectively, the "Derecognised Bills") with carrying amounts in aggregate of RMB350,562,000, RMB379,518,000, RMB425,727,000 and RMB405,948,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese Mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the Company's 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, therefore, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group 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 their carrying amounts. In the opinion of the Company's directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

Transferred financial assets that are not derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes and commercial acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks in Chinese Mainland (collectively, the "Endorsed Bills"). In the opinion of the Company's directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group has not retained 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 as at 31 December 2023, 2024 and 2025 and 30 June 2026 to which the suppliers have recourse were RMB151,296,000, RMB207,621,000, RMB207,626,000 and RMB179,002,000, respectively.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, pledged deposits, trade and bills receivables at amortised cost, due from related companies, trade and bills payables, financial assets included in prepayments, other receivables, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit and loss, trade and bills payables, financial liabilities included in other payables and accruals, short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The non-current portion of interest-bearing bank and other borrowings approximates to their carrying amounts mainly due to the floating interest rate. For non-current portion of interest-bearing bank and other borrowings with fixed interest rate, the fair values 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 as at the end of each of the Relevant Periods were assessed to be insignificant. Thereby the fair values of the non-current portion of interest-bearing bank borrowings with fixed rate approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the Group's finance team analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a 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 bills receivable classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows. In addition, the bills receivable will mature within six months, and thus their fair values approximate to their carrying values.

The Group invests in financial investments at fair value through profit or loss, which represent equity investment listed in Hong Kong Stock Exchange. The Group has estimated the fair value of this equity investment based on quoted market prices at the end of each of the Relevant Periods.

The Group invests in financial investments at fair value through profit or loss, which represent equity investment listed in Shanghai Stock Exchange. The Group has estimated the fair value of this equity investment based on quoted market prices, adjusted for the impact of trading restrictions (lock-up arrangements) at the end of each of the Relevant Periods.

The Group also invests in structure deposits issued by banks in Mainland China. The Group has estimated the fair value of these structure deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of unlisted equity investments measured at fair value through other comprehensive income or unlisted equity investments and unlisted fund measured at fair value through profit and loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments and unlisted funds to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit and loss, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

Based on the specific facts and circumstances of the Group, the Group adopted the estimated recoverable amount to determine unlisted equity investments.

For the fair value of the unlisted equity investments at fair value, 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:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income				
Unlisted investments	Market approach	DLOM	31 December 2023: 22.00%–26.23%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB49,000.
			31 December 2024: 19.00%–28.22%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB60,000.
			31 December 2025: 25.12%–26.96%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB84,000.
			30 June 2026: 24.12%–29.91%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB81,000.
Financial assets at fair value through profit or loss				
Unlisted investments	Market approach	DLOM	31 December 2023: 13.38%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB90,000.
			31 December 2024: 16.42%–33.47%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB2,019,000.
			31 December 2025: 19.00%–29.91%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB1,866,000.
			30 June 2026: 20.00%–29.91%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB1,243,000.

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.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	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				
Bills receivables measured at fair value through other comprehensive income	—	329,892	—	329,892
Equity investments designated at fair value through other comprehensive income	—	45,113	30,343	75,456
Financial assets at fair value through profit or loss	143,736	—	109,572	253,308
Total	143,736	375,005	139,915	658,656

As at 31 December 2024

	Fair value measurement using		
	Significant observable inputs (Level 2) *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
Financial assets			
Bills receivables measured at fair value through other comprehensive income	318,724	—	318,724
Equity investments designated at fair value through other comprehensive income	13,715	31,697	45,412
Financial assets at fair value through profit or loss	—	128,634	128,634
Total	332,439	160,331	492,770

As at 31 December 2025

	Fair value measurement using		
	Significant observable inputs (Level 2) *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
Financial assets			
Bills receivables measured at fair value through other comprehensive income	284,380	—	284,380
Equity investments designated at fair value through other comprehensive income	—	31,741	31,741
Financial assets at fair value through profit or loss	—	122,631	122,631
Total	284,380	154,372	438,752

As at 30 June 2026

	Fair value measurement using		
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Bills receivables measured at fair value through other comprehensive income	309,730	—	309,730
Equity investments designated at fair value through other comprehensive income	—	27,493	27,493
Financial assets at fair value through profit or loss	23,431	118,799	142,230
Total	333,161	146,292	479,453

In 2023, the equity in Xingda Steel Tyre held by the Group was converted from Level 3 to Level 2 of fair value measurement respectively, because it had a specific recoverable amount, except which, 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 during the Relevant Periods.

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
At the beginning of the year/period	105,004	109,572	128,634	122,631
Total gains/(losses) recognised in profit or loss	4,568	(10,938)	(6,003)	(3,832)
Purchases	—	30,000	—	—
At the end of the year/period	109,572	128,634	122,631	118,799
Equity investments designated at fair value through other comprehensive income:				
At the beginning of the year/period	78,710	30,343	31,697	31,741
Total (losses)/gains recognised in other comprehensive income	(25,874)	1,354	44	(4,248)
Purchases	15,025	—	—	—
Transfer to Level 2	(37,518)	—	—	—
At the end of the year/period	30,343	31,697	31,741	27,493

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits, pledged deposits, trade and bills receivables, due from related companies, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit and loss, trade and bills payables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, 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 risks arising from the Group's financial instruments are interest rate risk, 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.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 100 basis points and all other variables were held constant, the profit after tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB8,249,000, RMB5,728,000, RMB10,050,000 and RMB18,621,000 for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 respectively and the Group's total equity would have decreased/increased by RMB8,249,000, RMB5,728,000, RMB10,050,000 and RMB18,621,000, respectively. This is mainly attributable to the Group's exposure to variable interest rates on its bank loans.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss after tax (due to changes in the translated value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency	**Increase/ (decrease) in profit after tax**
	%	*RMB'000*
Year ended 31 December 2023		
If RMB strengthens against USD	10	(21,119)
If RMB weakens against USD	(10)	21,119
Year ended 31 December 2024		
If RMB strengthens against USD	10	(31,461)
If RMB weakens against USD	(10)	31,461
Year ended 31 December 2025		
If RMB strengthens against USD	10	(75,365)
If RMB weakens against USD	(10)	75,365
Six months ended 30 June 2026		
If RMB strengthens against USD	10	(48,392)
If RMB weakens against USD	(10)	48,392

Credit risk

The Group trades only with recognised and creditworthy 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. For transactions that are not denominated in the functional currency of the relevant entities, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging as at 31 December 2023, 2024 and 2025 and 30 June 2026

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 2023

	12-month ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,020,917	1,020,917
Due from related companies	—	—	—	100,497	100,497
Financial assets included in prepayments, other receivables and other assets					
— Normal**	35,284	400	—	—	35,684
— Doubtful**	—	—	11,010	—	11,010
Pledged deposits					
— Not yet past due	38,922	—	—	—	38,922
Time deposits					
— Not yet past due	43,629	—	—	—	43,629
Cash and cash equivalents					
— Not yet past due	661,436	—	—	—	661,436
Total	779,271	400	11,010	1,121,414	1,912,095

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,076,910	1,076,910
Due from related companies	—	—	—	145,856	145,856
Financial assets included in prepayments, other receivables and other assets					
— Normal**	16,571	687	—	—	17,258
— Doubtful**	—	—	11,010	—	11,010
Pledged deposits					
— Not yet past due	36,004	—	—	—	36,004
Time deposits					
— Not yet past due	634,591	—	—	—	634,591
Cash and cash equivalents					
— Not yet past due	503,209	—	—	—	503,209
Total	1,190,375	687	11,010	1,222,766	2,424,838

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,084,434	1,084,434
Due from related companies	—	—	—	124,487	124,487
Financial assets included in prepayments, other receivables and other assets					
— Normal**	19,112	664	—	—	19,776
— Doubtful**	—	—	11,010	—	11,010
Pledged deposits					
— Not yet past due	24,750	—	—	—	24,750
Time deposits					
— Not yet past due	738,737	—	—	—	738,737
Cash and cash equivalents					
— Not yet past due	476,150	—	—	—	476,150
Total	1,258,749	664	11,010	1,208,921	2,479,344

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	—	—	—	1,345,498	1,345,498
Due from related companies	—	—	—	137,603	137,603
Financial assets included in prepayments, other receivables and other assets					
— Normal**	31,761	838	—	—	32,599
— Doubtful**	—	—	10,526	—	10,526
Pledged deposits					
— Not yet past due	24,918	—	—	—	24,918
Time deposits					
— Not yet past due	599,773	—	—	—	599,773
Cash and cash equivalents					
— Not yet past due	435,686	—	—	—	435,686
Total	1,092,138	838	10,526	1,483,101	2,586,603

* For trade and bills receivables at amortised cost to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the Historical Financial Information.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group had certain concentrations of credit risk as 4.93%, 7.59%, 10.24% and 5.26% of the Group's trade and bills receivables were due from the Group's largest customer, 28.95%, 35.72%, 28.41% and 34.20% of the Group's trade and bills receivables were due from five largest customers, respectively.

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 of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

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

	As at 31 December 2023			
	Within 1 year or on demand *RMB'000*	**1 to 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	652,452	—	—	652,452
Financial liabilities included in other payables and accruals	210,347	—	—	210,347
Interest bearing bank and other borrowings	904,851	1,753,602	204,547	2,863,000
Lease liabilities	10,795	47,699	13,985	72,479
Total	1,778,445	1,801,301	218,532	3,798,278

	As at 31 December 2024			
	Within 1 year or on demand *RMB'000*	**1 to 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	528,632	—	—	528,632
Financial liabilities included in other payables and accruals	270,823	—	—	270,823
Interest bearing bank and other borrowings	1,947,136	1,906,845	161,290	4,015,271
Lease liabilities	12,562	47,555	2,940	63,057
Total	2,759,153	1,954,400	164,230	4,877,783

	As at 31 December 2025			
	Within 1 year or on demand *RMB'000*	**1 to 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	572,761	—	—	572,761
Financial liabilities included in other payables and accruals	281,385	—	—	281,385
Interest bearing bank and other borrowings	2,180,140	1,639,512	86,561	3,906,213
Lease liabilities	12,963	36,444	3,183	52,590
Total	3,047,249	1,675,956	89,744	4,812,949

	As at 30 June 2026			
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	589,038	—	—	589,038
Financial liabilities included in other payables and accruals	258,434	—	—	258,434
Interest bearing bank and other borrowings	2,833,041	1,301,323	43,043	4,177,407
Lease liabilities	9,387	29,338	2,741	41,466
Total	3,689,900	1,330,661	45,784	5,066,345

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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	3,829,009	4,949,797	4,960,044	5,214,106
Total assets	7,333,905	8,409,127	9,218,735	9,531,055
Gearing ratios	52%	59%	54%	55%

48. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events undertaken by the Company or by the Group after 30 June 2026.

49. 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 2026.