

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF XIAMEN JIHONG CO., LTD, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Xiamen Jihong Co., Ltd (廈門吉宏科技股份有限公司, the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages IA-4 to IA-116, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IA-4 to IA-116 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 19 May 2025 (the “**Document**”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

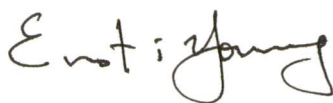
**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON
THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS
PROVISIONS) ORDINANCE**

Adjustments

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

Dividends

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



Certified Public Accountants
Hong Kong
19 May 2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
REVENUE	5	5,375,884	6,694,681	5,529,259
Cost of sales		(3,197,031)	(3,590,378)	(3,109,944)
GROSS PROFIT		2,178,853	3,104,303	2,419,315
Other income and gains	6	36,214	53,381	61,114
Selling and marketing expenses		(1,575,180)	(2,342,146)	(1,849,611)
Administrative expenses		(170,652)	(240,642)	(264,591)
Research and development expenses		(148,512)	(141,980)	(124,429)
Impairment losses on financial assets		(76,680)	(25,367)	(9,037)
Share of (losses)/profits of associates		(4,865)	1,854	3,584
Foreign exchange gains/(losses), net		10,736	975	(3,512)
Finance costs	8	(21,627)	(13,412)	(12,250)
Other expenses and losses	6	(14,397)	(10,500)	(2,443)
PROFIT BEFORE TAX	7	213,890	386,466	218,140
Income tax expense	11	(42,311)	(54,344)	(33,690)
PROFIT FOR THE YEAR		<u>171,579</u>	<u>332,122</u>	<u>184,450</u>
Attributable to:				
Owners of the parent		183,980	345,099	181,931
Non-controlling interests		(12,401)	(12,977)	2,519
		<u>171,579</u>	<u>332,122</u>	<u>184,450</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE PARENT	13			
Basic (RMB)		<u>0.48</u>	<u>0.92</u>	<u>0.49</u>
Diluted (RMB)		<u>0.48</u>	<u>0.92</u>	<u>0.49</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	171,579	332,122	184,450
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	2,515	670	510
Share of other comprehensive income of associates	—	—	69
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	2,515	670	579
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	(10,520)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	—	—	(10,520)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	2,515	670	(9,941)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	174,094	332,792	174,509
Attributable to:			
Owners of the parent	186,469	345,772	171,928
Non-controlling interests	(12,375)	(12,980)	2,581
	174,094	332,792	174,509

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	<i>Notes</i>	2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	14	803,669	916,633	930,436
Right-of-use assets	15	172,457	187,461	176,350
Goodwill	16	9,585	9,585	9,585
Other intangible assets	17	14,451	23,377	19,910
Investments in associates	18	67,815	82,439	107,477
Equity investments designated at fair value through other comprehensive income	20	18,500	19,500	8,254
Financial assets at fair value through profit or loss	21	–	–	130,863
Deferred tax assets	32	13,526	12,231	11,147
Pledged deposits	26	35,000	15,000	–
Time deposits	26	–	52,055	133,791
Other non-current assets	22	994	12,593	1,188
Total non-current assets		1,135,997	1,330,874	1,529,001
CURRENT ASSETS				
Inventories	23	483,669	456,076	447,889
Trade and bills receivables	24	474,731	488,624	553,885
Prepayments, other receivables and other assets	25	199,929	162,818	141,874
Amounts due from related parties	43	–	1,453	1,243
Pledged deposits	26	94,971	41,390	67,971
Time deposits	26	1,018	43,231	50,169
Cash and cash equivalents	26	852,071	1,062,110	711,062
Total current assets		2,106,389	2,255,702	1,974,093

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and bills payables	27	512,500	640,520	716,560
Other payables and accruals	28	115,442	188,349	181,321
Contract liabilities	29	12,949	14,829	17,858
Interest-bearing bank borrowings	30	295,644	103,042	121,126
Lease liabilities	15	23,948	25,012	34,678
Tax payables		30,817	40,225	8,645
Amounts due to related parties	43	3,117	1,364	972
Other current liabilities		944	3,663	3,227
Total current liabilities		995,361	1,017,004	1,084,387
NET CURRENT ASSETS		1,111,028	1,238,698	889,706
TOTAL ASSETS LESS CURRENT LIABILITIES		2,247,025	2,569,572	2,418,707
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	30	16,549	155,575	127,067
Lease liabilities	15	53,490	63,373	49,465
Deferred income	31	32,387	34,023	30,945
Deferred tax liabilities	32	7,434	3,747	2,715
Total non-current liabilities		109,860	256,718	210,192
NET ASSETS		2,137,165	2,312,854	2,208,515
EQUITY				
Equity attributable to owners of the parent				
Share capital	33	378,409	385,009	384,769
Reserves	34	1,716,807	1,895,389	1,817,255
Non-controlling interests		2,095,216	2,280,398	2,202,024
		41,949	32,456	6,491
Total equity		2,137,165	2,312,854	2,208,515

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Treasury shares*	Share premium*	Share award reserve*	Statutory reserve*	Other	
						comprehensive income*	Retained profits*
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	
As at 1 January 2022	387,480	(279,076)	384,673	-	69,895	(17,282)	1,321,110
Profit for the year	-	-	-	-	-	-	183,980
Exchange differences on translation of foreign operations	-	-	-	-	-	2,489	-
Total comprehensive income for the year	-	-	-	-	-	2,489	183,980
Settlement of repurchase obligation for restricted shares	-	117,558	-	-	-	-	-
Cancellation of shares repurchased	(9,071)	-	(108,487)	-	-	-	-
Equity-settled share-based payment expenses	-	-	-	3,126	-	-	-
Restricted shares granted under Share Incentive Plans	-	161,518	(122,029)	-	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-
Others	-	-	(593)	-	-	-	(75)
As at 31 December 2022	378,409	-	153,564	3,126	69,895	(14,793)	1,505,015
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Attributable to owners of the parent

	Share capital	Treasury shares*	Share premium*	Share award reserve*	Statutory reserve*	Other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000
As at 1 January 2023	378,409	-	153,564	3,126	69,895	(14,793)	1,505,015	2,095,216	41,949	2,137,165
Profit for the year	-	-	-	-	-	-	345,099	345,099	(12,977)	332,122
Exchange differences on translation of foreign operations	-	-	-	-	-	673	-	673	(3)	670
Total comprehensive income for the year	-	-	-	-	-	673	345,099	345,772	(12,980)	332,792
Equity-settled share-based payment expenses	-	-	-	26,379	-	-	-	26,379	-	26,379
Restricted shares granted under Share Incentive Plan	6,600	-	56,166	-	-	-	-	62,766	-	62,766
Repurchase obligation for restricted shares	-	(62,766)	-	-	-	-	-	(62,766)	-	(62,766)
Restricted shares vested	-	-	10,504	(10,504)	-	-	-	-	-	-
Shares repurchased for Share Incentive Plans	-	(10,088)	-	-	-	-	-	(10,088)	-	(10,088)
Dividends declared	-	-	-	-	-	-	(175,204)	(175,204)	(2,000)	(177,204)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	19	19
Disposal/deregistration of subsidiaries	-	-	-	-	-	-	-	-	3,315	3,315
Transfer from retained profits	-	-	-	-	8,849	-	(8,849)	-	-	-
Acquisition of non-controlling interests	-	-	(1,677)	-	-	-	-	(1,677)	1,677	-
Others	-	-	-	-	-	-	-	-	476	476
As at 31 December 2023	385,009	(72,854)	218,557	19,001	78,744	(14,120)	1,666,061	2,280,398	32,456	2,312,854

Attributable to owners of the parent

	Share capital	Treasury shares*	Share premium*	Share award reserve*	Statutory reserve*	Other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000
As at 1 January 2024	385,009	(72,854)	218,557	19,001	78,744	(14,120)	1,666,061	2,280,398	32,456	2,312,854
Profit for the year	-	-	-	-	-	-	181,931	181,931	2,519	184,450
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	(10,520)	-	(10,520)	-	(10,520)
Exchange differences on translation of foreign operations	-	-	-	-	-	448	-	448	62	510
Share of other comprehensive income of associates	-	-	-	-	-	69	-	69	-	69
Total comprehensive income for the year	-	-	-	-	-	(10,003)	181,931	171,928	2,581	174,509
Cancellation of shares repurchased	(240)	2,282	(2,042)	-	-	-	-	-	-	-
Repurchase obligation for restricted shares	-	10,353	29,470	(29,470)	-	-	-	10,353	-	10,353
Equity-settled share-based payment expenses	-	-	-	17,332	-	-	-	17,332	-	17,332
Shares repurchased for Share Incentive Plans	-	(75,945)	-	-	-	-	-	(75,945)	-	(75,945)
Dividends declared	-	-	-	-	-	-	(201,882)	(201,882)	(1,316)	(203,198)
Acquisition of non-controlling interests	-	-	(484)	-	-	-	-	(484)	(8,516)	(9,000)
Capital reduction of non-controlling interests	-	-	-	-	-	-	-	-	(1,600)	(1,600)
Transfer from retained profits	-	-	-	-	17,375	-	(17,375)	-	-	-
Transfer of other comprehensive income	-	-	-	-	-	3,274	(3,274)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	7,350	7,350
Disposal/deregistration of subsidiaries	-	-	-	-	-	-	-	-	(24,646)	(24,646)
Others	-	-	324	-	-	-	-	324	182	506
As at 31 December 2024	384,769	(136,164)	245,825	6,863	96,119	(20,849)	1,625,461	2,202,024	6,491	2,208,515

* These reserve accounts comprise the consolidated reserves of RMB1,716,807,000, RMB1,895,389,000 and RMB1,817,255,000 in the consolidated statements of financial position as at the end of Relevant Periods, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		213,890	386,466	218,140
Adjustments for:				
Finance costs	8	21,627	13,412	12,250
Share of losses/(profits) of associates		4,865	(1,854)	(3,584)
Dividend received from an equity investment designated at fair value through other comprehensive income		–	–	(144)
Bank interest income	6	(7,303)	(14,057)	(13,087)
Gains on financial assets at fair value through profit or loss	6	–	(2,453)	(4,338)
(Gains)/losses on disposal of items of property, plant and equipment	6	(1,508)	3,551	301
Losses on early termination of leases	15	427	–	405
(Gains)/losses on disposal of subsidiaries	6	(56)	(515)	553
Investment losses/(gains) from deregistration of subsidiaries, net	6	7,364	1,823	(1,249)
Fair value gains on financial assets at fair value through profit or loss	6	–	(231)	(88)
Losses/(gains) on disposal of associates, net	6	–	1,968	(619)
Losses on disposal of items of other intangible assets	6	–	–	1
Losses/(gains) from foreign exchange forward arrangements	6	3,743	1,984	(221)
Depreciation of property, plant and equipment	14	91,483	94,633	105,736
Depreciation of right-of-use assets	15	21,280	35,105	36,532
Amortisation of other intangible assets	17	1,521	1,866	3,893
Impairment of trade receivables	24	12,658	8,991	7,229
Impairment of deposits and other receivables		64,022	16,376	1,808
Impairment of property, plant and equipment	6	2,291	–	–
Impairment of inventories	23	8,501	19,464	9,539
Equity-settled share-based payment expenses		3,126	26,379	17,332
Foreign exchange differences, net		(10,736)	(975)	3,512
		437,195	591,933	393,901

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Increase)/decrease in inventories	(62,950)	8,129	(1,352)
Increase in trade and bills receivables	(70,243)	(31,687)	(81,539)
Decrease in prepayments, other receivables and other assets	51,443	15,225	55,870
(Increase)/decrease in pledged deposits	(23,354)	38,758	(31,079)
(Increase)/decrease in amounts due from related parties	–	(1,453)	210
Increase/(decrease) in amounts due to related parties	190	(1,753)	(392)
Increase in trade and bills payables	49,406	82,169	80,850
Increase in other payables and accruals	30,844	50,633	22,383
Increase in contract liabilities	6,041	1,880	3,029
(Decrease)/increase in other current liabilities	(4,324)	2,719	(436)
Increase/(decrease) in deferred income	5,878	1,636	(3,078)
Cash generated from operations	420,126	758,189	438,367
Income tax paid	(35,080)	(46,766)	(64,776)
Interest received	5,909	14,176	13,087
Net cash flows generated from operating activities	<u>390,955</u>	<u>725,599</u>	<u>386,678</u>

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	(137,145)	(198,186)	(132,689)
Proceeds from disposal of items of property, plant and equipment	3,205	5,276	5,055
Purchase of other intangible assets	(1,282)	(4,286)	(3,483)
Proceeds from disposals of equity investments designated at fair value through other comprehensive income	–	5,000	726
Purchase of financial assets at fair value through profit or loss	–	–	(130,863)
Purchase of equity investments designated at fair value through other comprehensive income	(7,000)	(6,000)	–
Acquisition of subsidiaries, net of cash acquired	(22,349)	–	–
Disposal of subsidiaries, net of cash disposed	930	(5,222)	(230)
Proceeds from disposal of associates	8,513	714	8,000
Dividend received from an associate	–	8,002	1,332
Dividend received from an equity investment designated at fair value through other comprehensive income	–	–	144
Purchase of deposits with original maturity of more than three months when acquired	(125,136)	(560,267)	(701,091)
Proceeds from maturity of deposits with original maturity of more than three months when acquired	108,210	504,486	646,099
Payment for capital injection to associates	(11,550)	(31,904)	(30,097)
Net cash flows used in investing activities	<u>(183,604)</u>	<u>(282,387)</u>	<u>(337,097)</u>

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from capital contributions by non-controlling interests	3,300	19	7,350
Payments to non-controlling interests for capital reduction	–	–	(1,600)
Deregistration of a subsidiary, net of cash disposed	–	–	(21,447)
Proceeds received from restricted shares granted under Share Incentive Plans	39,489	62,766	–
Payments to grantees for net disposal proceeds from vested restricted shares under Share Incentive Plans	(3,222)	–	–
Repurchase of unvested restricted shares	(117,558)	–	(2,196)
Repurchase of shares	–	(10,088)	(75,945)
Proceeds from interest-bearing bank borrowings	523,165	440,569	185,757
Repayment of interest-bearing bank borrowings	(443,944)	(494,117)	(196,173)
Interest paid for interest-bearing bank borrowings	(13,256)	(6,905)	(6,091)
Principal portion of lease payments	(15,380)	(39,162)	(30,068)
Interest portion of lease payments	(4,562)	(4,514)	(4,850)
Acquisition of non-controlling interests	–	–	(9,000)
Listing expenses	–	(8,693)	(37,113)
Dividends paid	–	(175,204)	(201,882)
Dividends paid to non-controlling interests	–	(2,000)	(1,316)
Net cash flows used in financing activities	<u>(31,968)</u>	<u>(237,329)</u>	<u>(394,574)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>175,383</u>	<u>205,883</u>	<u>(344,993)</u>
Cash and cash equivalents at beginning of year	666,852	852,071	1,062,110
Effect of foreign exchange rate changes, net	<u>9,836</u>	<u>4,156</u>	<u>(6,055)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>852,071</u>	<u>1,062,110</u>	<u>711,062</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of Relevant Periods is as follows:

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	101,400	89,642	79,132
Right-of-use assets		24,629	25,112	22,903
Other intangible assets		2,312	3,330	2,598
Investments in subsidiaries	19	698,538	814,842	799,994
Investments in associates	18	48,748	65,319	66,951
Deferred tax assets	32	23	–	–
Pledged deposits	26	20,000	–	–
Other non-current assets		416	1,336	608
Total non-current assets		896,066	999,581	972,186
CURRENT ASSETS				
Inventories	23	19,028	11,561	16,954
Trade and bills receivables	24	32,654	38,847	37,110
Prepayments, other receivables and other assets	25	20,905	10,393	50,437
Amounts due from related parties	43	–	–	114
Amounts due from subsidiaries		606,111	566,081	589,468
Pledged deposits	26	69,844	20,000	12,191
Cash and cash equivalents	26	157,177	147,425	100,495
Total current assets		905,719	794,307	806,769

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and bills payables	27	177,986	47,289	49,676
Other payables and accruals	28	20,666	69,851	57,678
Contract liabilities		4,531	695	520
Interest-bearing bank borrowings	30	126,357	40,619	87,311
Lease liabilities	15	–	51	6,069
Amounts due to related parties	43	2,915	1,162	972
Amounts due to subsidiaries		374,875	525,169	587,787
Other current liabilities		98	58	68
Total current liabilities		707,428	684,894	790,081
NET CURRENT ASSETS		198,291	109,413	16,688
TOTAL ASSETS LESS CURRENT LIABILITIES		1,094,357	1,108,994	988,874
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	30	8,209	97,600	59,550
Lease liabilities	15	17,066	12,080	8,162
Deferred income		5,010	4,224	3,489
Deferred tax liabilities	32	–	1,440	412
Total non-current liabilities		30,285	115,344	71,613
NET ASSETS		1,064,072	993,650	917,261
EQUITY				
Share capital	33	378,409	385,009	384,769
Reserves	34	685,663	608,641	532,492
Total equity		1,064,072	993,650	917,261

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Xiamen Jihong Co., Ltd (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) as a limited liability company on 24 December 2003. The registered address of the office of the Company is No. 9 Putou Road, Phase II, Dongfu Industrial Zone, Haicang District, Xiamen, China. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002803.SZ) on 12 July 2016. The Company is ultimately controlled by Ms. Zhuang Hao.

During the Relevant Periods, the Company and its subsidiaries (together as the “**Group**”) were principally involved in the business of paper packaging and cross-border social e-commerce.

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

Name*	Notes	Place and date of incorporation/registration and place of business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hohhot Jihong Printing & Packaging Co., Ltd. (“呼和浩特市吉宏印刷包装有限公司”) (“ Hohhot Jihong ”)	(i)	PRC/Mainland China 1 September 2009	RMB50,000,000	100%	–	Paper packaging
Langfang Jihong Packaging Co., Ltd. (“廊坊市吉宏包装有限公司”) (“ Langfang Jihong ”)	(i)	PRC/Mainland China 8 January 2013	RMB50,000,000	100%	–	Paper packaging
Giikin (Xi’an) Digital Technology Co., Ltd. (“吉客印(西安)数字科技有限公司”) (“ Xi’an Giikin ”)	(i)	PRC/Mainland China 3 August 2017	RMB10,000,000	–	100%	Cross-border social e-commerce
Lucky Ecommerce Limited (“香港吉客印电子商务有限公司”) (“ Lucky Ecommerce ”)	(ii)	Hong Kong/Hong Kong 1 September 2017	USD1,000,000	–	100%	Cross-border social e-commerce
Giikin (Zhengzhou) Digital Technology Co., Ltd. (“吉客印(郑州)数字科技有限公司”) (“ Zhengzhou Giikin ”)	(i)	PRC/Mainland China 23 August 2017	RMB5,000,000	–	100%	Cross-border social e-commerce
Ningxia Jihong Environmental Protection Packaging Technology Co., Ltd. (“宁夏吉宏环保包装科技有限公司”) (“ Ningxia Jihong ”)	(i)	PRC/Mainland China 28 December 2018	RMB50,000,000	100%	–	Paper packaging
Anhui Jihong EP Paper Products Co., Ltd. (“安徽吉宏环保纸品有限公司”) (“ Anhui Jihong ”)	(i)	PRC/Mainland China 7 August 2009	RMB50,000,000	100%	–	Paper packaging
Xiamen Jihong Packaging Industry Co., Ltd. (“厦门吉宏包装工业有限公司”) (“ Xiamen Jihong ”)	(i)	PRC/Mainland China 25 March 2020	RMB50,000,000	100%	–	Paper packaging

Name*	Notes	Place and date of incorporation/registration and place of business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hainan Giikin Printing Digital Technology Co., Ltd. ("海南吉客印數字科技有限公司") ("Hainan Giikin")	(i)	PRC/Mainland China 23 March 2022	RMB1,000,000	–	100%	Internet and related services
Shenzhen Giikin Supply Chain Management Co., Ltd. ("深圳吉客印供應鏈管理有限公司") ("Shenzhen Giikin")		PRC/Mainland China 21 September 2022	RMB1,000,000	–	100%	Cross-border social e-commerce
Giiktop (Shen Zhen) Digital Technology Co., Limited ("吉客拓(深圳)數字科技有限公司") ("Shenzhen Giiktop")	(i)	PRC/Mainland China 14 December 2022	RMB10,000,000	85%	–	Cross-border social e-commerce
Guangdong Hengqin Giikin Digital Technology Co., Ltd. ("廣東橫琴吉客印數字科技有限公司") ("Guangdong Hengqin Giikin")		PRC/Mainland China 15 October 2024	RMB1,000,000	–	70%	Cross-border social e-commerce
Luanzhou Jihong Packaging Co., Ltd. ("灤州吉宏包裝有限公司") ("Luanzhou Jihong")	(i)	PRC/Mainland China 22 January 2014	RMB20,000,000	60%	–	Paper packaging
Jiangxi Jihong Supply Chain Management Co., Ltd. ("江西吉宏供應鏈管理有限公司") ("Jiangxi Jihong")	(i)	PRC/Mainland China 9 September 2019	RMB50,000,000	–	100%	E-commerce; import and export
Shaanxi Yongxin Paper Industry Packing Co., Ltd. ("陝西永鑫紙業包裝有限公司") ("Shaanxi Yongxin")	(i)	PRC/Mainland China 21 September 2004	RMB28,571,000	51%	–	Paper packaging
Xiamen Giikin E-commerce Co., Ltd. ("廈門市吉客印電子商務有限公司") ("Xiamen Giikin")	(i)	PRC/Mainland China 1 August 2017	RMB50,000,000	100%	–	Investment holding
Hangzhou Jimiaoyun Network Technology Co., Ltd. ("杭州吉喙雲網絡科技有限公司") ("Hangzhou Jimiaoyun")	(i)	PRC/Mainland China 22 September 2020	RMB50,000,000	55%	–	Internet and related services

* The English names of the PRC companies above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group.

Notes:

- (i) The statutory financial statements of these companies (except for Hainan Giikin and Shenzhen Giiktop) for the year ended 31 December 2022 prepared in accordance with the China Accounting Standards for Business Enterprises (“**PRC GAAP**”) were audited by ShineWing Certified Public Accountants LLP Xian Branch (信永中和會計師事務所(特殊普通合夥)西安分所), the statutory financial statements of these companies (except for Shaanxi Yongxin) for the year ended 31 December 2023 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Xiamen Zhongyou Certified Public Accountants Co., Ltd. (廈門中友會計師事務所有限公司).
- (ii) The statutory financial statements of this company for the years ended 31 December 2022 and 2023 prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“**HKFS for PE**”) were audited by W.L.HO CPA LIMITED (何慧玲會計師事務所有限公司).

2.1 BASIS OF PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”) which comprise all standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”).

All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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

The Group has prepared the Historical Financial Information on the basis that it will continue to operate as a going concern.

Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income (“**OCT**”) 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 OCI 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 adopted the following new and revised IFRSs that have been issued but are not yet effective in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ²

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

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

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

⁴ No mandatory effective date yet determined but available for adoption

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new IFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position the Group but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

Except for the IFRS 18, the Directors of the Company anticipate that the application of this amendment to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statement.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the 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 of the Relevant Periods.

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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:

Category	Principal annual rates
	(%)
Buildings	3.17-9.50
Leasehold improvements	8.33-50.00
Machinery	9.50-19.00
Motor vehicles	19.00
Other equipment	19.00

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

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

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

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

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 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.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years based on the Group's past experiences and different purposes on usages of the software and the authorised period for such uses.

The estimated useful life of other intangible assets is determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Properties	2 to 10 years
Land use rights	44 to 50 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 the 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

The Group applies the short-term lease recognition exemption to its short-term leases of properties and machinery (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).

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills 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 and bills 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.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under 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 are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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 30 days past due.

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade 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 are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

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

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

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

Subsequent measurement

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

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

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

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

Financial liability arising from repurchase obligation on own equity instruments

The obligation for the Group to purchase its own equity instruments for cash is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured in accordance with IFRS 9 and the remeasurement gain or loss is recorded into profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average 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, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

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

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of 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 of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

Treasury shares

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.

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.

Based on historical experiences, the Group estimates the amount of variable consideration including sales return using the expected value method. The amounts relating to the unconditional sales return are insignificant to the Group's total revenue for each of the periods presented.

The Group primarily generates its revenue from the operations of cross border social e-commerce as well as production and sales of packaging products. Further details of the Group's revenue recognition policy are as follows:

(a) Cross border social e-commerce

Revenue from cross border social e-commerce is recognised at a point in time when control of the products is transferred to the customer, generally on delivery and acceptance of the products by the customers.

(b) Sale of packaging products

Revenue from the sale of packaging products is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the packaging products by the customers.

(c) Services

Revenue from services is recognised at the point in time, when the services are provided and accepted by customers.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts 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 or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Share-based payments

The Company operates restricted share schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

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

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

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

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China 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 its 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 PRC. 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 period.

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.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

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

Foreign currencies

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

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

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 the statement of profit or loss.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement

In the process to applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information.

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group consider how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including the assessment of the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Derecognition of financial assets

Where the Group has transferred the right to receive cash flow arising from an asset but has not transferred or has retained substantially all risks and rewards associated with such asset, or has not transferred the controlling right in such asset, such asset shall be recognised and accounted for so long as the Group continues to be involved in such asset. If the Group has not transferred or has retained substantially all risks and rewards associated with the asset or transferred the controlling right in the asset, the exercise of significant judgment is often required, and estimations need to be made as to the extent of the Group's continued involvement in the asset.

Estimation uncertainty

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

Provision for expected credit losses on trade and other receivables

Except for certain trade and bills receivables, other receivables that the ECLs are individually assessed based on estimated cash flows, considering historical and forward-looking information, the Group uses a provision matrix to calculate ECLs for trade and bills receivables, other receivables. The provision rates based on aging for groupings of various counterparties that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of an actual default in the future. The information about the ECLs on the Group's trade and bills receivables and other receivables are disclosed in note 24 and note 25 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-financial assets (including the right-of-use assets) at the end of each of Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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. The carrying amounts of goodwill at 31 December 2022, 2023 and 2024 were RMB9,585,000. Further details are given in note 16.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market method or a discounted cash flow method as detailed in note 45. The market method 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 discounted cash flow method requires the Group to determine the fair value of unlisted equity investments by discounting the expected future cash flows using the current discount rates derived from other financial instruments with similar contractual terms and risk profiles. The Group makes estimates about expected future cash flows, credit risk, volatility, and applicable discount rates. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2022, 2023 and 2024 were RMB18,500,000, RMB19,500,000 and RMB8,254,000, respectively. Further details are included in note 20 to the financial statements.

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 deductible temporary difference 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. The carrying values of deferred tax assets relating to recognised tax losses at 31 December 2022, 2023 and 2024 were nil. The amounts of unrecognised tax losses at 31 December 2022, 2023 and 2024 were RMB308,798,000, RMB394,849,000 and RMB466,257,000, respectively. Further details are contained in note 32 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

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

Recognition of share-based payment expenses

The Group grants restricted shares to certain management and employees under Share Incentive Plans for incentives. The vest of restricted shares is conditional upon the satisfaction of specified vesting conditions, including service periods and/or performance conditions. Judgement is required to take into account the vesting conditions to determine the number of the restricted shares to be included in the measurement of equity-settled share-based payment expenses.

The cumulative expense recognised for share-based payments at the end of Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of restricted shares that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Write-down of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly for write-down, if appropriate.

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

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

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

- (i) The cross-border social e-commerce operation;
- (ii) The paper packaging operation; and
- (iii) The other operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that impairment losses on financial assets is excluded from such measurement. Management also treat the Company as part of the paper packaging segment.

Segment assets exclude cash and cash equivalents, time deposits, pledged deposits, deferred tax assets, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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 2022

	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Sales to external customers	3,106,601	1,982,591	286,692	5,375,884
Intersegment sales	1,456	1,007	1,480	3,943
Total segment revenue				
<i>Reconciliation:</i>	3,108,057	1,983,598	288,172	5,379,827
Elimination of intersegment sales				(3,943)
Revenue from contracts with customers				5,375,884
Segment results				
<i>Reconciliation:</i>	217,476	137,169	(20,953)	333,692
Elimination of intersegment results* *				(43,122)
Impairment losses on financial assets				(76,680)
Profit before tax				213,890
Segment assets				
<i>Reconciliation:</i>	545,999	1,893,779	267,090	2,706,868
Elimination of intersegment receivables				(479,568)
Corporate and other unallocated assets				1,015,086
Total assets				3,242,386
Segment liabilities				
<i>Reconciliation:</i>	371,046	687,135	206,981	1,265,162
Elimination of intersegment payables				(479,568)
Corporate and other unallocated liabilities				319,627
Total liabilities				1,105,221
Other segment information				
Share of losses of associates	88	4,427	350	4,865
Impairment of property, plant and equipment	–	2,291	–	2,291
Impairment of inventories	5,457	3,037	7	8,501
Depreciation and amortisation	10,492	102,703	1,089	114,284
Investments in associates	–	63,478	4,337	67,815
Capital expenditure *	9,269	165,492	510	175,271

Year ended 31 December 2023

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	4,256,637	2,096,606	341,438	6,694,681
Intersegment sales	1,578	5,741	2,259	9,578
Total segment revenue	4,258,215	2,102,347	343,697	6,704,259
<i>Reconciliation:</i>				
Elimination of intersegment sales				(9,578)
Revenue from contracts with customers				6,694,681
Segment results				
<i>Reconciliation:</i>	259,393	286,842	(33,353)	512,882
Elimination of intersegment results* *				(101,049)
Impairment losses on financial assets				(25,367)
Profit before tax				386,466
Segment assets				
<i>Reconciliation:</i>	688,165	1,946,928	219,060	2,854,153
Elimination of intersegment receivables				(528,478)
Corporate and other unallocated assets				1,260,901
Total assets				3,586,576
Segment liabilities				
<i>Reconciliation:</i>	472,406	819,140	223,277	1,514,823
Elimination of intersegment payables				(528,478)
Corporate and other unallocated liabilities				287,377
Total liabilities				1,273,722
Other segment information:				
Share of losses/(profits) of associates	298	(2,729)	577	(1,854)
Impairment of inventories	10,001	9,463	–	19,464
Depreciation and amortisation	25,166	104,367	2,071	131,604
Investments in associates	7,702	72,659	2,078	82,439
Capital expenditure	17,191	210,837	891	228,919

Year ended 31 December 2024

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	3,365,903	2,099,461	63,895	5,529,259
Intersegment sales	635	6	1,478	2,119
Total segment revenue	3,366,538	2,099,467	65,373	5,531,378
Reconciliation:				
Elimination of intersegment sales				(2,119)
Revenue from contracts with customers				5,529,259
Segment results				
Reconciliation:	118,721	361,028	(10,309)	469,440
Elimination of intersegment results* *				(242,263)
Impairment losses on financial assets				(9,037)
Profit before tax				218,140
Segment assets				
Reconciliation:	847,373	2,077,636	120,606	3,045,615
Elimination of intersegment receivables				(591,880)
Corporate and other unallocated assets				1,049,359
Total assets				3,503,094
Segment liabilities				
Reconciliation:	504,602	971,640	159,309	1,635,551
Elimination of intersegment payables				(591,880)
Corporate and other unallocated liabilities				250,908
Total liabilities				1,294,579
Other segment information:				
Share of profits of associates	(596)	(2,887)	(101)	(3,584)
Impairment of inventories	9,553	(379)	365	9,539
Depreciation and amortisation	24,248	120,753	1,160	146,161
Investments in associates	31,084	74,214	2,179	107,477
Capital expenditure	4,849	119,734	22	124,605

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and assets from business combinations.

** The segment results of Paper packaging segment contains dividends distributed by the Cross-border social e-commerce segment. During the relevant periods, the amounts of the distributed dividends were RMB50,000,000, RMB100,000,000 and RMB200,000,000, respectively. The segment results of Cross-border social e-commerce segment contains dividends distributed by the Others segment. During the Relevant periods, the amounts of the distributed dividends were nil, nil and RMB50,000,000, respectively.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mainland China	2,190,291	2,309,038	2,037,028
Other countries/regions	3,185,593	4,385,643	3,492,231
	<u>5,375,884</u>	<u>6,694,681</u>	<u>5,529,259</u>

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

(b) Non-current assets

Except for the private equity funds invested in Hong Kong, China by the Group (note 21), approximately all of the Group's non-current assets as at the end of each of the Relevant Periods were located in Mainland China.

Information about major customers

Revenue of approximately RMB1,277,302,000, RMB1,248,397,000 and RMB1,037,386,000 during the Relevant Periods was derived from sales by paper packaging segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

For the Year ended 31 December 2022

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services				
Cross-border social e-commerce	3,106,601	–	–	3,106,601
Paper packaging	–	1,982,591	–	1,982,591
Others	–	–	286,692	286,692
Total	3,106,601	1,982,591	286,692	5,375,884
Geographical markets				
Northeast Asia	1,794,364	–	–	1,794,364
Southeast Asia	677,902	–	–	677,902
Middle East	409,467	–	–	409,467
Mainland China	–	1,903,599	286,692	2,190,291
Europe and North America				
– U.S.	142,100	29,780	–	171,880
– Europe and other countries in North America	81,399	2,420	–	83,819
Other countries/regions	1,369	46,792	–	48,161
Total	3,106,601	1,982,591	286,692	5,375,884
Timing of revenue recognition				
Transferred at a point in time	3,106,601	1,982,591	286,692	5,375,884
Total	3,106,601	1,982,591	286,692	5,375,884

For the year ended 31 December 2023

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods or services				
Cross-border social e-commerce	4,256,637	–	–	4,256,637
Paper packaging	–	2,096,606	–	2,096,606
Others	–	–	341,438	341,438
Total	4,256,637	2,096,606	341,438	6,694,681
Geographical markets				
Northeast Asia	2,527,377	14,397	–	2,541,774
Southeast Asia	846,452	356	–	846,808
Middle East	385,919	–	–	385,919
Mainland China	–	1,967,600	341,438	2,309,038
Europe and North America				
– U.S.	107,172	13,836	–	121,008
– Europe and other countries in North America	386,364	2,169	–	388,533
Other countries/regions	3,353	98,248	–	101,601
Total	4,256,637	2,096,606	341,438	6,694,681
Timing of revenue recognition				
Transferred at a point in time	4,256,637	2,096,606	341,438	6,694,681
Total	4,256,637	2,096,606	341,438	6,694,681

For the year ended 31 December 2024

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods or services				
Cross-border social e-commerce	3,365,903	–	–	3,365,903
Paper packaging	–	2,099,461	–	2,099,461
Others	–	–	63,895	63,895
Total	3,365,903	2,099,461	63,895	5,529,259
Geographical markets				
Northeast Asia	1,720,230	18,512	–	1,738,742
Southeast Asia	661,202	231	–	661,433
Middle East	340,289	1,488	–	341,777
Mainland China	–	1,973,133	63,895	2,037,028
Europe and North America				
– U.S.	120,928	6,007	–	126,935
– Europe and other countries in North America	518,015	2,884	–	520,899
Other countries/regions	5,239	97,206	–	102,445
Total	3,365,903	2,099,461	63,895	5,529,259
Timing of revenue recognition				
Transferred at a point in time	3,365,903	2,099,461	63,895	5,529,259
Total	3,365,903	2,099,461	63,895	5,529,259

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each period:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:			
Cross-border social e-commerce	570	3,815	659
Paper packaging	3,411	5,448	1,619
Others	2,998	3,686	12,551
	<u>6,979</u>	<u>12,949</u>	<u>14,829</u>

(b) Performance obligations

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

Sale of products

The performance obligation is satisfied upon the acceptance of the products by customers. For customers of paper packaging, the contract price is usually settled within 30-90 days of delivery. For customers of cross-border social e-commerce, the contract price is usually prepaid through online platforms or paid by cash on delivery, and the Group normally settles with platforms or logistics service providers within 3-15 days.

For certain sales of own brands products in cross-border social e-commerce business, there was a two-year performance obligation period. During the relevant periods, the aggregate amounts of the transaction price allocated to the remaining performance obligations are RMB35,000, RMB226,000 and RMB564,000, respectively, and the Group recognise these revenues at the end of the two-year warranty period.

Provision of services

The performance obligation is satisfied at the point in time once the services are completed and accepted by customers based on the milestone achieved. Contract price is usually paid by customers within 30-90 days.

6. OTHER INCOME AND GAINS, OTHER EXPENSES AND LOSSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	26,879	35,243	39,034
Bank interest income	7,303	14,057	13,087
	<u>34,182</u>	<u>49,300</u>	<u>52,121</u>
Gains			
Gains on disposal of items of property, plant and equipment, net	1,508	–	–
Gains on financial assets at fair value through profit or loss	–	2,453	4,338
Gains from foreign exchange forward arrangements	–	–	221
Gains on deregistration of a subsidiary	–	–	1,261
Fair value gains on financial assets at fair value through profit or loss	–	231	88
Gains on disposal of subsidiaries	56	515	–
Gains on disposal of an associate	–	–	646
Others	468	882	2,439
	<u>2,032</u>	<u>4,081</u>	<u>8,993</u>
Other income and gains	<u>36,214</u>	<u>53,381</u>	<u>61,114</u>
Other expenses and losses			
Losses on early termination of leases	–	–	405
Losses on disposal of items of intangible assets	–	–	1
Losses on disposal of items of property, plant and equipment, net	–	3,551	301
Impairment of property, plant and equipment	2,291	–	–
Losses from foreign exchange forward arrangements	3,743	1,984	–
Losses on disposal of associates	–	1,968	27
Investment loss from deregistration of subsidiaries	7,364	1,823	12
Losses on disposal of subsidiaries	–	–	553
Others	999	1,174	1,144
	<u>14,397</u>	<u>10,500</u>	<u>2,443</u>
Other expenses and losses	<u>14,397</u>	<u>10,500</u>	<u>2,443</u>

7. PROFIT BEFORE TAX

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

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold and services provided*		3,197,031	3,590,378	3,109,944
Advertising expenses		1,491,367	2,242,166	1,761,136
Depreciation of property, plant and equipment	14	91,483	94,633	105,736
Depreciation of right-of-use assets	15(a)	21,280	35,105	36,532
Amortisation of other intangible assets	17	1,521	1,866	3,893
Auditor's remuneration		1,934	2,452	2,737
Employee benefit expenses (including directors' and chief executive's and supervisor's remuneration as set out in note 9):				
Wages, salaries and allowances		452,950	522,169	564,816
Pension scheme contributions		28,043	30,379	35,000
Staff welfare expense		19,231	18,588	18,615
Equity-settled share-based payment expenses		3,126	26,379	17,332
Bank interest income	6	(7,303)	(14,057)	(13,087)
Finance costs	8	21,627	13,412	12,250
Foreign exchange (gains)/losses, net		(10,736)	(975)	3,512
(Gains)/losses on disposal of items of property, plant and equipment, net	6	(1,508)	3,551	301
Losses on early termination of leases		–	–	405
Losses on disposal of items of other intangible assets	6	–	–	1
Losses/(gains) from foreign exchange forward arrangements	6	3,743	1,984	(221)
Share of losses/(profits) of associates		4,865	(1,854)	(3,584)
Accrual of impairment of trade and bills receivables	24	12,658	8,915	7,229
Government grants	6	(26,879)	(35,243)	(39,034)
Impairment of property, plant and equipment	6	2,291	–	–
Accrual of impairment of deposits and other receivables		64,022	16,376	1,808
Impairment of inventories	23	8,501	19,464	9,539
		8,501	19,464	9,539

* Cost of inventories sold and services provided include impairment of inventories, expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	13,534	5,756	6,083
Interest on lease liabilities	4,562	4,514	4,850
Factoring charges (a)	3,531	3,142	1,317
	<u>21,627</u>	<u>13,412</u>	<u>12,250</u>

- (a) For certain trade receivables of Customer Group A, the Group entered into a factoring arrangement without recourse with a factoring company, which is also an affiliate of Customer Group A, and recorded relevant factoring charges in profit and loss.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The directors' and chief executive's remuneration as recorded in the Relevant Periods is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	346	400	798
Other emoluments:			
Salaries, allowances and benefits in kind	3,291	4,379	9,163
Performance related bonuses	4,345	6,455	5,565
Equity-settled share-based payment expenses	–	568	3,368
Pension scheme contributions	153	134	143
	<u>8,135</u>	<u>11,936</u>	<u>19,037</u>

(a) Independent non-executive directors

The fees paid/payable to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Jing Gao (vii)	80	–	–
Guang Guo (vi)	80	–	–
Bingyi Huang (xii)	–	–	–
Chenhui Yang (ix)	80	100	120
Guoqing Zhang (viii)	80	100	120
Qinghui Cai (x)	13	100	20
Jianshu Han (xi)	13	100	120
Yongheng Xue (xviii)	–	–	251
Yongqian Wu (xix)	–	–	167
	<u>346</u>	<u>400</u>	<u>798</u>

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Restricted share awards	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022						
Chief executive:						
Hao Zhuang (i)	–	480	–	–	–	480
Directors:						
Heping Zhang (iii)	–	613	–	–	19	632
Shu Zhuang (iv)	–	493	–	–	20	513
Yapeng Wang (ii)	–	737	3,920	–	51	4,708
Shengxing Liao (v)	–	–	–	–	–	–
Independent directors:						
Qinghui Cai (x)	13	–	–	–	–	13
Jianshu Han (xi)	13	–	–	–	–	13
Chenhui Yang (ix)	80	–	–	–	–	80
Guoqing Zhang (viii)	80	–	–	–	–	80
Guang Guo (vi)	80	–	–	–	–	80
Jing Gao (vii)	80	–	–	–	–	80
Supervisors:						
Xueting Bai (xiii)	–	214	–	–	6	220
Zhuokai He (xiv)	–	134	–	–	6	140
Guanhong Hu (xvi)	–	326	25	–	13	364
Haiying Wang (xv)	–	294	400	–	38	732
	346	3,291	4,345	–	153	8,135

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Restricted share awards	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023						
Chief executive:						
Hao Zhuang (i)	–	1,436	–	–	–	1,436
Directors:						
Heping Zhang (iii)	–	701	–	–	19	720
Shu Zhuang (iv)	–	640	–	–	19	659
Yapeng Wang (ii)	–	826	6,420	568	71	7,885
Shengxing Liao (v)	–	–	–	–	–	–
Independent directors:						
Qinghui Cai (x)	100	–	–	–	–	100
Jianshu Han (xi)	100	–	–	–	–	100
Chenhui Yang (ix)	100	–	–	–	–	100
Guoqing Zhang (viii)	100	–	–	–	–	100
Supervisors:						
Xueting Bai (xiii)	–	230	–	–	6	236
Zhuokai He (xiv)	–	191	–	–	5	196
Guanhong Hu (xvi)	–	355	35	–	14	404
	400	4,379	6,455	568	134	11,936

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Restricted share awards	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024						
Chief executive:						
Hao Zhuang (i)	–	2,315	–	–	–	2,315
Directors:						
Heping Zhang (iii)	–	1,649	–	–	19	1,668
Shu Zhuang (iv)	–	1,681	–	–	19	1,700
Yapeng Wang (ii)	–	1,894	4,621	1,057	73	7,645
Shengxing Liao (v)	–	–	–	–	–	–
Tashan Lu (xvii)	–	751	–	2,311	6	3,068
Independent directors:						
Qinghui Cai (x)	20	–	–	–	–	20
Jianshu Han (xi)	120	–	–	–	–	120
Chenhui Yang (ix)	120	–	–	–	–	120
Guoqing Zhang (viii)	120	–	–	–	–	120
Wing Hang Alfred Sit (xviii)	251	–	–	–	–	251
Weng Sin Ng (xix)	167	–	–	–	–	167
Supervisors:						
Xueting Bai (xiii)	–	233	–	–	6	239
Zhuokai He (xiv)	–	194	–	–	6	200
Guanhong Hu (xvi)	–	446	944	–	14	1,404
	798	9,163	5,565	3,368	143	19,037

- (i) Ms. Hao Zhuang has been appointed as a director of the Company and chairman of the Board of Directors with effect from December 2010, and re-designated as a director and general manager in November 2022.
- (ii) Mr. Yapeng Wang has been appointed as a director and vice chairman of the Board of Directors with effect from September 2020, and re-designated as a director and chairman of the Board of Directors in November 2022.
- (iii) Mr. Heping Zhang has been appointed as a director and general manager of the Company with effect from November 2016 and re-designated as a director, deputy general manager and vice chairman of the Board of Directors in November 2022.
- (iv) Mr. Shu Zhuang has been appointed as a director of the Company with effect from December 2010.
- (v) Mr. Shengxing Liao has been appointed as a director of the Company with effect from November 2019.
- (vi) Mr. Guang Guo has been appointed as an independent director of the Company with effect from February 2016 and retired in November 2022.
- (vii) Mr. Jing Gao has been appointed as an independent director of the Company with effect from February 2016 and retired in November 2022.
- (viii) Mr. Guoqing Zhang has been appointed as an independent director of the Company with effect from May 2021.

- (ix) Mr. Chenhui Yang has been appointed as an independent director of the Company with effect from September 2020.
- (x) Mr. Qinghui Cai has been appointed as an independent director of the Company with effect from November 2022 and retired in February 2024.
- (xi) Mr. Jianshu Han has been appointed as an independent director of the Company with effect from November 2022.
- (xii) Mr. Bingyi Huang has been appointed as an independent director of the Company with effect from November 2016 and retired in May 2021.
- (xiii) Ms. Xueting Bai has been appointed as a chairman of the supervisory committee with effect from November 2011.
- (xiv) Mr. Zhuokai He has been appointed as a supervisor of the Company with effect from November 2019.
- (xv) Mr. Haiying Wang has been appointed as a supervisor of the Company with effect from November 2019 and retired in November 2022.
- (xvi) Mr. Guanhong Hu has been appointed as a supervisor of the Company with effect from November 2022.
- (xvii) Mr. Tashan Lu has been appointed as a director of the Company with effect from February 2024.
- (xviii) Mr. Wing Hang Alfred Sit has been appointed as an independent director of the Company with effect from February 2024.
- (xix) Ms. Weng Sin Ng has been appointed as an independent director of the Company with effect from February 2024.

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

10. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the Relevant Periods included nil, one and one directors, respectively. Details of those directors' remuneration are set out in note 9 above. Details of the remuneration of the highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,592	1,412	1,697
Performance related bonuses	10,625	12,140	22,835
Equity-settled share-based payment expenses	510	2,668	1,130
Pension scheme contributions	77	77	77
	<u>12,804</u>	<u>16,297</u>	<u>25,739</u>

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

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Nil to RMB1,000,000	–	–	–
RMB1,000,001 to RMB2,000,000	2	–	–
RMB2,000,001 to RMB3,000,000	2	–	–
Over RMB3,000,000	1	4	4
	<u> </u>	<u> </u>	<u> </u>

11. INCOME TAX

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

PRC corporate income tax

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

The Company was qualified as High and New Technology Enterprises (“**HNTE**”) on 21 October 2020 and was entitled to a preferential tax rate of 15% during 2022. This qualification is subject to review by the relevant tax authority in the PRC for every three years. The tax rate applicable to the Company was 25% since 2023 as the Company was not qualified for the HNTE.

Certain of the Group’s PRC subsidiaries are accredited as HNTE and were therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. Such qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Certain subsidiaries engaged in the “Encouraged Industries in the Western Region” are eligible for the preferential EIT rate of 15%.

One of the Group’s PRC subsidiaries is qualified as a “Double Soft Enterprise” (“**DSE**”) under the Corporate Income Tax Law during the Relevant Periods. According to the relevant tax regulations, the qualified subsidiary was exempted from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2019, the first year of profitable operation.

Certain subsidiaries were in line with the policies in Notice on Preferential Corporate Income Tax Policies for Kashgar and Khorgos Special Economic Development Zones in Xinjiang. The corporate income tax shall be exempted within five years from the tax year to which the first production and operation income belongs.

Certain subsidiaries were qualified as small and micro enterprises and were eligible to calculate their taxable income at a reduced rate of 25% and pay corporate income tax at a 20% tax rate during 2022, 2023 and 2024, respectively.

HK profit tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods. However, one subsidiary of the Group which is qualifying corporation can elect for the two-tiered Profits Tax rates regime. Under the two-tiered Profits Tax rate regime, the first HK\$2,000,000 of assessable profits of the qualifying Group entity established in Hong Kong are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current income tax			
– Mainland China	41,870	54,072	31,171
– Hong Kong	810	2,664	2,468
Deferred tax (<i>note 32</i>)	(369)	(2,392)	51
	<u>42,311</u>	<u>54,344</u>	<u>33,690</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company is domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	<u>213,890</u>	<u>386,466</u>	<u>218,140</u>
Tax at the PRC EIT rate of 25%	53,473	96,616	54,535
Effect of different tax rate	(34,737)	(42,115)	(26,276)
Adjustments in respect of current tax of previous years	1,446	347	1,508
Invest loss/(income) not subject to tax	707	(362)	(960)
Expenses not deductible for tax	2,300	6,316	4,780
Utilisation of previously unrecognised tax losses	–	(3,261)	(3,072)
Tax losses and deductible temporary differences not recognized	43,153	17,041	18,738
Additional deductible allowance for research and development expenses and others (a)	<u>(24,031)</u>	<u>(20,238)</u>	<u>(15,563)</u>
	<u>42,311</u>	<u>54,344</u>	<u>33,690</u>

- (a) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim additional deduction of their research and development costs.

12. DIVIDENDS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dividends declared to owners of the parent	–	175,204	201,882

On 30 January 2023, the Company's shareholders approved the third quarter of 2022 profit distribution plan at an extraordinary general meeting, pursuant to which a dividend of RMB0.263 for every share of the Company's 378,409,288 shares, in an aggregate amount of RMB99,522,000, was paid in March 2023 to shareholders of the Company.

On 15 September 2023, the Company's shareholders approved the 2023 half-year profit distribution plan at an extraordinary general meeting, pursuant to which a dividend of RMB0.2 for every share of the Company's 378,409,288 shares, in an aggregate amount of RMB75,682,000, was paid in September 2023 to shareholders of the Company.

On 22 April 2024, the Company's shareholders approved the 2023 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB0.36 for every share of the Company's 380,067,788 shares, in an aggregate amount of RMB136,824,000, was paid in April 2024 to shareholders of the Company.

On 6 December 2024, the Company's shareholders approved the profit distribution plan for the first three quarters in 2024 at an annual general meeting, pursuant to which a dividend of RMB0.18 for every share of the Company's 378,743,588 shares, in an aggregate amount of RMB68,174,000, was paid in December 2024 to shareholders of the Company.

The dividends declared in relation to the revocable non-vested restricted shares under Share Incentive Plans amounting to RMB3,116,000 were recorded as a deduction of repurchase obligation for restricted shares included in other payables and accruals.

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

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods, respectively.

The following reflects the income and share data used in the basic earnings per share computation:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit attributable to owners of the parent	183,980	345,099	181,931
Less: dividends payable to expected vested restricted shares	–	2,813	1,030
Profit attributable to owners of the Company used in calculating basic EPS	183,980	342,286	180,901
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	372,333,981	372,502,844	370,201,726
Basic EPS (RMB per share)	0.48	0.92	0.49

(b) Diluted

The restricted shares granted under Share Incentive Plans by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the vesting of all potential dilutive ordinary shares arising from Share Incentive Plans (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit attributable to owners of the Company used in calculating diluted EPS	183,980	345,099	181,931
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	372,333,981	372,502,844	370,201,726
Adjustments for potential shares arising from Share Incentive Plans	79,291	1,152,791	–
Weighted average number of shares used in calculating diluted EPS	372,413,272	373,655,635	370,201,726
Diluted EPS (RMB per share)	0.48	0.92	0.49

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022							
At 1 January 2022:							
Cost	371,267	11,200	651,780	9,030	49,470	13,220	1,105,967
Accumulated depreciation and impairment	(77,927)	(4,996)	(255,200)	(4,176)	(23,397)	–	(365,696)
Net carrying amount	293,340	6,204	396,580	4,854	26,073	13,220	740,271
At 1 January 2022, net of accumulated depreciation and impairment	293,340	6,204	396,580	4,854	26,073	13,220	740,271
Additions	19,085	5,093	53,495	684	6,766	83,708	168,831
Depreciation provided during the year	(17,465)	(2,770)	(62,285)	(1,543)	(7,420)	–	(91,483)
Disposals	–	–	(11,305)	(218)	(136)	–	(11,659)
Transfers	1,915	–	36,144	28	3,410	(41,497)	–
Impairment	–	–	(980)	(21)	(7)	(1,283)	(2,291)
At 31 December 2022, net of accumulated depreciation and impairment	296,875	8,527	411,649	3,784	28,686	54,148	803,669
At 31 December 2022:							
Cost	392,267	16,293	724,567	9,045	58,020	55,431	1,255,623
Accumulated depreciation and impairment	(95,392)	(7,766)	(312,918)	(5,261)	(29,334)	(1,283)	(451,954)
Net carrying amount	296,875	8,527	411,649	3,784	28,686	54,148	803,669

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost	392,267	16,293	724,567	9,045	58,020	55,431	1,255,623
Accumulated depreciation and impairment	(95,392)	(7,766)	(312,918)	(5,261)	(29,334)	(1,283)	(451,954)
Net carrying amount	<u>296,875</u>	<u>8,527</u>	<u>411,649</u>	<u>3,784</u>	<u>28,686</u>	<u>54,148</u>	<u>803,669</u>
At 1 January 2023, net of accumulated depreciation and impairment	296,875	8,527	411,649	3,784	28,686	54,148	803,669
Additions	3,538	3,004	58,232	977	8,964	140,380	215,095
Depreciation provided during the year	(20,002)	(3,601)	(60,284)	(1,033)	(9,713)	–	(94,633)
Disposals	(140)	–	(4,087)	(592)	(2,679)	–	(7,498)
Transfers	<u>88,328</u>	<u>–</u>	<u>89,938</u>	<u>–</u>	<u>1,963</u>	<u>(180,229)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>368,599</u>	<u>7,930</u>	<u>495,448</u>	<u>3,136</u>	<u>27,221</u>	<u>14,299</u>	<u>916,633</u>
At 31 December 2023:							
Cost	483,941	19,297	846,631	8,395	63,026	15,135	1,436,425
Accumulated depreciation and impairment	(115,342)	(11,367)	(351,183)	(5,259)	(35,805)	(836)	(519,792)
Net carrying amount	<u>368,599</u>	<u>7,930</u>	<u>495,448</u>	<u>3,136</u>	<u>27,221</u>	<u>14,299</u>	<u>916,633</u>

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	483,941	19,297	846,631	8,395	63,026	15,135	1,436,425
Accumulated depreciation and impairment	(115,342)	(11,367)	(351,183)	(5,259)	(35,805)	(836)	(519,792)
Net carrying amount	<u>368,599</u>	<u>7,930</u>	<u>495,448</u>	<u>3,136</u>	<u>27,221</u>	<u>14,299</u>	<u>916,633</u>
At 1 January 2024, net of accumulated depreciation and impairment	368,599	7,930	495,448	3,136	27,221	14,299	916,633
Additions	9,727	1,280	42,571	180	7,891	63,246	124,895
Depreciation provided during the year	(21,363)	(3,075)	(70,516)	(1,082)	(9,700)	–	(105,736)
Disposals	(173)	–	(4,565)	(117)	(501)	–	(5,356)
Transfers	–	–	60,526	1,019	339	(61,884)	–
At 31 December 2024, net of accumulated depreciation and impairment	<u>356,790</u>	<u>6,135</u>	<u>523,464</u>	<u>3,136</u>	<u>25,250</u>	<u>15,661</u>	<u>930,436</u>
At 31 December 2024:							
Cost	492,279	20,577	929,100	9,371	66,470	16,497	1,534,294
Accumulated depreciation and impairment	(135,489)	(14,442)	(405,636)	(6,235)	(41,220)	(836)	(603,858)
Net carrying amount	<u>356,790</u>	<u>6,135</u>	<u>523,464</u>	<u>3,136</u>	<u>25,250</u>	<u>15,661</u>	<u>930,436</u>

Company

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022							
At 1 January 2022:							
Cost	57,387	349	156,836	2,812	10,881	4,071	232,336
Accumulated depreciation and impairment	(16,760)	(326)	(87,833)	(1,837)	(8,910)	–	(115,666)
Net carrying amount	<u>40,627</u>	<u>23</u>	<u>69,003</u>	<u>975</u>	<u>1,971</u>	<u>4,071</u>	<u>116,670</u>
At 1 January 2022, net of accumulated depreciation and impairment	40,627	23	69,003	975	1,971	4,071	116,670
Additions	–	–	907	–	94	1,373	2,374
Depreciation provided during the year	(1,884)	(18)	(12,735)	(299)	(513)	–	(15,449)
Disposals	–	–	(803)	(104)	(5)	–	(912)
Transfers	–	–	2,569	–	–	(2,569)	–
Impairment	–	–	–	–	–	(1,283)	(1,283)
At 31 December 2022, net of accumulated depreciation and impairment	<u>38,743</u>	<u>5</u>	<u>58,941</u>	<u>572</u>	<u>1,547</u>	<u>1,592</u>	<u>101,400</u>
At 31 December 2022:							
Cost	57,387	349	157,598	2,303	10,877	2,875	231,389
Accumulated depreciation and impairment	(18,644)	(344)	(98,657)	(1,731)	(9,330)	(1,283)	(129,989)
Net carrying amount	<u>38,743</u>	<u>5</u>	<u>58,941</u>	<u>572</u>	<u>1,547</u>	<u>1,592</u>	<u>101,400</u>

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost	57,387	349	157,598	2,303	10,877	2,875	231,389
Accumulated depreciation and impairment	(18,644)	(344)	(98,657)	(1,731)	(9,330)	(1,283)	(129,989)
Net carrying amount	<u>38,743</u>	<u>5</u>	<u>58,941</u>	<u>572</u>	<u>1,547</u>	<u>1,592</u>	<u>101,400</u>
At 1 January 2023, net of accumulated depreciation and impairment	38,743	5	58,941	572	1,547	1,592	101,400
Additions	–	–	2,832	–	110	2,146	5,088
Depreciation provided during the year	(1,884)	(5)	(10,735)	(265)	(499)	–	(13,388)
Disposals	–	–	(3,458)	–	–	–	(3,458)
Transfers	–	–	3,633	–	46	(3,679)	–
At 31 December 2023, net of accumulated depreciation and impairment	<u>36,859</u>	<u>–</u>	<u>51,213</u>	<u>307</u>	<u>1,204</u>	<u>59</u>	<u>89,642</u>
At 31 December 2023:							
Cost	57,387	349	157,882	2,303	11,033	895	229,849
Accumulated depreciation and impairment	(20,528)	(349)	(106,669)	(1,996)	(9,829)	(836)	(140,207)
Net carrying amount	<u>36,859</u>	<u>–</u>	<u>51,213</u>	<u>307</u>	<u>1,204</u>	<u>59</u>	<u>89,642</u>

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	57,387	349	157,882	2,303	11,033	895	229,849
Accumulated depreciation and impairment	(20,528)	(349)	(106,669)	(1,996)	(9,829)	(836)	(140,207)
Net carrying amount	36,859	–	51,213	307	1,204	59	89,642
At 1 January 2024, net of accumulated depreciation and impairment	36,859	–	51,213	307	1,204	59	89,642
Additions	2,056	–	–	–	277	1,071	3,404
Depreciation provided during the year	(1,943)	–	(9,342)	(234)	(366)	–	(11,885)
Disposals	–	–	(2,027)	–	(2)	–	(2,029)
Transfers	–	–	–	1,007	123	(1,130)	–
At 31 December 2024, net of accumulated depreciation and impairment	36,972	–	39,844	1,080	1,236	–	79,132
At 31 December 2024:							
Cost	59,443	349	154,482	3,310	11,390	836	229,810
Accumulated depreciation and impairment	(22,471)	(349)	(114,638)	(2,230)	(10,154)	(836)	(150,678)
Net carrying amount	36,972	–	39,844	1,080	1,236	–	79,132

At the end of the Relevant Periods, certain of the Group's buildings were pledged to secure bank facilities granted to the Group for borrowings and bills payables (note 30).

15. LEASES

The Group as a lessee

The Group has lease contracts for properties used in its operations. Lump sum payments were made upfront to acquire the land use rights with periods of 44 to 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of properties generally have lease terms between 2 to 10 years.

(a) Right-of-use assets

Group

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

	Properties	Land use rights	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	71,871	98,406	170,277
Additions	31,551	–	31,551
Depreciation charge	(19,034)	(2,246)	(21,280)
Termination	(8,091)	–	(8,091)
As at 31 December 2022 and 1 January 2023	76,297	96,160	172,457
Additions	50,109	–	50,109
Depreciation charge	(32,858)	(2,247)	(35,105)
As at 31 December 2023 and 1 January 2024	93,548	93,913	187,461
Additions	34,440	–	34,440
Depreciation charge	(34,255)	(2,277)	(36,532)
Termination	(9,019)	–	(9,019)
As at 31 December 2024	84,714	91,636	176,350

At the end of the Relevant Periods, certain of the Group's right-of-use assets were pledged to secure bank facilities granted to the Group for borrowings and bills payables (note 30).

(b) *Lease liabilities*

Group

The carrying amount of lease liabilities (not included under interest-bearing bank borrowings) and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	68,931	77,438	88,385
Additions	31,551	50,109	34,440
Accretion of interest recognised during the year	4,562	4,514	4,850
Payments	(19,942)	(43,676)	(34,918)
Termination	(7,664)	–	(8,614)
At end of year	<u>77,438</u>	<u>88,385</u>	<u>84,143</u>
Analysed into:			
Current portion	23,948	25,012	34,678
Non-current portion	<u>53,490</u>	<u>63,373</u>	<u>49,465</u>

Company

The carrying amount of lease liabilities (not included under interest-bearing bank borrowings) and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	23,932	17,066	12,131
Additions	–	3,742	2,491
Accretion of interest recognised during the year	1,127	891	725
Payments	(1,408)	(9,568)	(1,116)
Termination	(6,585)	–	–
At end of year	<u>17,066</u>	<u>12,131</u>	<u>14,231</u>
Analysed into:			
Current portion	–	51	6,069
Non-current portion	<u>17,066</u>	<u>12,080</u>	<u>8,162</u>

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

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	4,562	4,514	4,850
Depreciation charge of right-of-use assets	21,280	35,105	36,532
Losses on early termination of leases	427	–	405
Expense relating to short-term leases	2,633	4,237	4,110
Total amount recognised in profit or loss	28,902	43,856	45,897

16. GOODWILL

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year			
Cost	1,665	9,585	9,585
Net carrying amount	1,665	9,585	9,585
Cost at beginning of year, net of accumulated impairment	1,665	9,585	9,585
Additions (note 37)	7,920	–	–
Cost and carrying amount at end of year	9,585	9,585	9,585
At end of year			
Cost	9,585	9,585	9,585
Net carrying amount	9,585	9,585	9,585

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units (“CGU”) for impairment testing:

- SENADA BIKES CGU; and
- Jinan Jilian packaging products CGU.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
SENADA BIKES CGU	7,920	7,920	7,920
Jinan Jilian packaging products CGU	1,665	1,665	1,665
	9,585	9,585	9,585

SENADA BIKES CGU

Management engaged an independent external valuer to assess the recoverable amounts of the goodwill as at the end of each of the Relevant Periods. The recoverable amount of SENADA BIKES CGU has 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. The discount rate applied to the cash flow projections is 13.17%, 13.92% and 15.17% as at the end of each of the Relevant Periods. The cash flows beyond the five-year period are extrapolated using zero growth rate and the business is assumed that it would operate perpetually.

The following table sets out the key assumptions adopted by management in the impairment assessment:

	As at 31 December		
	2022	2023	2024
Revenue annual growth rate – average of the forecast period	14.25%	13.25%	11.37%
Average gross margins	22.97%	24.32%	26.40%
Pre-tax discount rate	13.17%	13.92%	15.17%

As at 31 December 2022, 2023 and 2024, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of SENADA BIKES CGU by RMB1,390,000, RMB12,010,000 and RMB8,747,000, respectively.

Key assumptions for value in use calculations

Assumptions were used in the value-in-use calculation of the CGUs for the Relevant Periods. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting budgeted sales and gross margins and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales and gross margins – The basis used to determine the value assigned to the budgeted sales and gross margins is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The cash flow projections are discounted using an discount rate of 13.17%, 13.92% and 15.17% as of 31 December 2022, 2023 and 2024, respectively. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.

The value assigned to the key assumptions on the market development of the SENADA BIKES and discount rate are consistent with external information sources.

Sensitivity analysis for the SENADA BIKES CGU valuation

Management of the Company has performed sensitivity test by decreasing 0.3% of budgeted sales, decreasing 0.3% of gross margins or increasing 0.3% of discount rate, with all other key assumptions held constant. The impacts on the amount by which SENADA BIKES CGU recoverable amount exceed its carrying amount (“**headroom**”) are as below:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Budgeted sales decreased by 0.3%	(1,114)	(1,374)	(1,129)
Gross margins decreased by 0.3%	(1,351)	(1,650)	(1,215)
Discount rate increased by 0.3%	(1,121)	(1,381)	(913)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Headroom – decreasing budgeted sales by 0.3%	276	10,636	7,618
Headroom – decreasing gross margins by 0.3%	39	10,360	7,532
Headroom – increasing discount rate by 0.3%	269	10,629	7,834

Due to the proximity of the acquisition date of SENADA BIKES CGU to 31 December 2022, the appraised value of SENADA BIKES CGU as at 31 December 2022 is close to the consideration for acquisition of SENADA BIKES CGU, with a small headroom. Based on the headroom of the impairment assessment for the Relevant Periods, management of the Company 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 there was still sufficient headroom based on the assessment, the management believe there was no impairment for the goodwill as at the end of each of the Relevant Periods.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, 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.

17. OTHER INTANGIBLE ASSETS

	Non-patented technology	Patent	Software	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022:					
Cost	377	6,547	6,631	–	13,555
Accumulated amortisation	(91)	(1,128)	(2,804)	–	(4,023)
Net carrying amount	286	5,419	3,827	–	9,532
Cost at 1 January 2022, net of accumulated amortisation	286	5,419	3,827	–	9,532
Additions	–	13	1,074	5,353	6,440
Amortisation provided during the year	(30)	(383)	(826)	(282)	(1,521)
At 31 December 2022, net of accumulated amortisation	256	5,049	4,075	5,071	14,451
At 31 December 2022:					
Cost	377	6,560	7,705	5,353	19,995
Accumulated amortisation	(121)	(1,511)	(3,630)	(282)	(5,544)
Net carrying amount	256	5,049	4,075	5,071	14,451
Cost at 1 January 2023, net of accumulated amortisation	256	5,049	4,075	5,071	14,451
Additions	51	116	1,534	9,091	10,792
Amortisation provided during the year	(40)	(499)	(749)	(578)	(1,866)
At 31 December 2023, net of accumulated amortisation	267	4,666	4,860	13,584	23,377
At 31 December 2023:					
Cost	428	6,676	9,239	14,444	30,787
Accumulated amortisation	(161)	(2,010)	(4,379)	(860)	(7,410)
Net carrying amount	267	4,666	4,860	13,584	23,377
Cost at 1 January 2024, net of accumulated amortisation	267	4,666	4,860	13,584	23,377
Additions	–	6	340	81	427
Amortisation provided during the year	(40)	(408)	(1,420)	(2,025)	(3,893)
Disposals	(1)	–	–	–	(1)
At 31 December 2024, net of accumulated amortisation	226	4,264	3,780	11,640	19,910
At 31 December 2024:					
Cost	422	6,682	9,579	14,525	31,208
Accumulated amortisation	(196)	(2,418)	(5,799)	(2,885)	(11,298)
Net carrying amount	226	4,264	3,780	11,640	19,910

18. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	61,950	76,418	98,918
Goodwill on acquisition	5,865	6,021	8,559
	<u>67,815</u>	<u>82,439</u>	<u>107,477</u>

The Group's trade payable balances with the associates are disclosed in note 43 to the Historical Financial Information. Particulars of the Group's material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group			Principal activities
			As at 31 December			
			2022	2023	2024	
Xiamen Haisheng Rongchuang Information Technology Co., Ltd.(“Xiamen Haisheng”)	Ordinary shares	PRC/Mainland China	37%	37%	37%	Information technology services
Tianjin Masterwork Health Technology Co., Ltd. (“Tianjin Masterwork”)	Ordinary shares	PRC/Mainland China	40%	40%	40%	Scientific research and technology services
Fujian Strait Copyright Operation Co., Ltd. (“Fujian Strait”)	Ordinary shares	PRC/Mainland China	–	49%	49%	Copyright and intellectual property services
Shenzhen Jiashe Network Technology Co., Ltd. (“Shenzhen Jiashe”)	Ordinary shares	PRC/Mainland China	–	–	20%	Technology promotion and application services

The shareholdings in Xiamen Haisheng and Fujian Strait are held by the Company. The shareholdings in Tianjin Masterwork and Shenzhen Jiashe are held through wholly-owned subsidiaries of the Company.

Xiamen Haisheng, Tianjin Masterwork, Fujian Strait and Shenzhen Jiashe, which are considered as material associates of the Group, are accounted for using the equity method.

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	292,911	400,868	318,334
Non-current assets	25,894	27,499	29,613
Current liabilities	(202,906)	(306,460)	(219,561)
Net assets	115,899	121,907	128,386
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	37%	37%	37%
Group's share of net assets of the associate	42,883	45,106	47,505
Goodwill on acquisition	5,865	5,865	5,865
Carrying amount of the investment	48,748	50,971	53,370
Revenue	122,428	241,209	295,083
(Loss)/profit for the year	(20,395)	6,008	10,082
Total comprehensive income for the year	(20,395)	6,008	10,082

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	41,017	24,504	19,956
Non-current assets	14,181	11,974	14,133
Current liabilities	(7,341)	(8,506)	(10,733)
Non-current liabilities	(11,150)	(9,739)	(5,318)
Net assets	36,707	18,233	18,038
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	40%	40%	40%
Group's share of net assets of the associate	14,683	7,293	7,215
Carrying amount of the investment	14,683	7,293	7,215
Revenue	28,287	22,442	21,392
Profit/(loss) for the year	4,230	1,531	(194)
Total comprehensive income for the year	4,230	1,531	(194)

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

	As at 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	20,603	19,748
Non-current assets	5,226	5,226
Current liabilities	(925)	(647)
Net assets	<u>24,904</u>	<u>24,327</u>
Reconciliation to the Group's interest in the associate: Proportion of the		
Group's ownership	49%	49%
Group's share of net assets of the associate	12,203	11,920
Goodwill on acquisition	<u>156</u>	<u>156</u>
Carrying amount of the investment	<u>12,359</u>	<u>12,076</u>
Revenue	2,293	3,918
Profit/(loss) for the year	10	(578)
Total comprehensive income for the year	<u>10</u>	<u>(578)</u>

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

	As at 31 December 2024
	<i>RMB'000</i>
Current assets	79,429
Non-current assets	78,802
Current liabilities	<u>(15,504)</u>
Net assets	<u>142,727</u>
Reconciliation to the Group's interest in the associate: Proportion of the Group's ownership	20%
Group's share of net assets of the associate	28,545
Goodwill on acquisition	<u>2,538</u>
Carrying amount of the investment	<u>31,083</u>
Revenue	97,226
Profit for the year	10,622
Other comprehensive income	527
Total comprehensive income for the year	<u>11,149</u>

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the associates' loss for the year	(438)	(986)	(730)
Share of the associates' total comprehensive income	(438)	(986)	(730)
Aggregate carrying amount of the Group's investments in the associates	4,384	11,816	3,733

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	42,883	59,298	60,930
Goodwill on acquisition	5,865	6,021	6,021
	48,748	65,319	66,951

The Company's trade payable balances with the associates are disclosed in note 43 to the Historical Financial Information. Particulars of the Company's material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Company			Principal activities
			As at 31 December			
			2022	2023	2024	
Xiamen Haisheng Rongchuang Information Technology Co., Ltd.(“Xiamen Haisheng”)	Ordinary shares	PRC/Mainland China	37%	37%	37%	Information technology services
Fujian Strait Copyright Operation Co., Ltd. (“Fujian Strait”)	Ordinary shares	PRC/Mainland China	–	49%	49%	Copyright and intellectual property services

The equity investments in Xiamen Haisheng and Fujian Strait are held by the Company, and accounted for using equity method.

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

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	292,911	400,868	318,334
Non-current assets	25,894	27,499	29,613
Current liabilities	(202,906)	(306,460)	(219,561)
Net assets	<u>115,899</u>	<u>121,907</u>	<u>128,386</u>
Reconciliation to the Company's interest in the associate:			
Proportion of the Company's ownership	37%	37%	37%
Company's share of net assets of the associate	42,883	45,106	47,505
Goodwill on acquisition	<u>5,865</u>	<u>5,865</u>	<u>5,865</u>
Carrying amount of the investment	<u>48,748</u>	<u>50,971</u>	<u>53,370</u>
Revenue	122,428	241,209	295,083
(Loss)/profit for the year	(20,395)	6,008	10,082
Total comprehensive income for the year	<u>(20,395)</u>	<u>6,008</u>	<u>10,082</u>

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

	As at 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	20,603	19,748
Non-current assets	5,226	5,226
Current liabilities	(925)	(647)
Net assets	<u>24,904</u>	<u>24,327</u>
Reconciliation to the Company's interest in the associate:		
Proportion of the Company's ownership	49%	49%
Company's share of net assets of the associate	12,203	11,920
Goodwill on acquisition	<u>156</u>	<u>156</u>
Carrying amount of the investment	<u>12,359</u>	<u>12,076</u>
Revenue	2,293	3,918
Profit/(loss) for the year	10	(578)
Total comprehensive income for the year	<u>10</u>	<u>(578)</u>

The following table illustrates the summarised financial information of the Company's associates that are not individually material to the Company:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the associates' loss for the year	–	(111)	(484)
Share of the associates' total comprehensive income	–	(111)	(484)
Aggregate carrying amount of the Company's investments in the associates	–	1,989	1,505

19. INVESTMENTS IN SUBSIDIARIES

Company

At the end of Relevant Periods, the Company's investments in subsidiaries were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Xiamen Giikin	166,500	166,500	166,500
Anhui Jihong	80,637	80,637	80,637
Hohhot Jihong	50,000	50,000	50,000
Langfang Jihong	50,000	120,000	120,000
Ningxia Jihong	50,000	50,000	50,000
Xiamen Jihong	50,000	50,000	50,000
Hangzhou Jimiaoyun	27,500	28,111	28,344
Shaanxi Yongxin*	27,305	27,305	–
Luanzhou Jihong	12,000	12,000	12,000
Others	184,596	230,289	242,513
	698,538	814,842	799,994

* On 14 May 2024, the Company deregistered Shaanxi Yongxin.

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

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value	18,500	19,500	8,254

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other unlisted investments, at fair value	–	–	130,863

The above unlisted investments were investments issued by private equity fund in Hong Kong, China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As of 31 December 2024, the private equity fund was still in the fundraising stage and had not yet made external investments. The management believe that the fair value of the other unlisted investments as of 31 December 2024 was similar to the investment cost.

22. OTHER NON-CURRENT ASSETS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	994	12,593	1,188

23. INVENTORIES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	181,032	171,160	160,553
Work in progress	20,750	29,666	28,320
Finished goods	289,999	273,179	271,470
Others	967	189	448
	492,748	474,194	460,791
Impairment allowance	(9,079)	(18,118)	(12,902)
	483,669	456,076	447,889

The movements for impairment of inventories are as follows:

	As at 1 January 2022	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment of raw materials	–	1,932	–	–	1,932
Impairment of finished goods	4,074	6,569	25	(3,521)	7,147
	4,074	8,501	25	(3,521)	9,079

	As at 1 January 2023	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Impairment of raw materials	1,932	5,084	–	(1,548)	5,468
Impairment of work in progress	–	324	–	–	324
Impairment of finished goods	7,147	14,056	141	(9,018)	12,326
	<u>9,079</u>	<u>19,464</u>	<u>141</u>	<u>(10,566)</u>	<u>18,118</u>

	As at 1 January 2024	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Impairment of raw materials	5,468	(1,640)	–	–	3,828
Impairment of work in progress	324	414	–	–	738
Impairment of finished goods	12,326	10,765	81	(14,836)	8,336
	<u>18,118</u>	<u>9,539</u>	<u>81</u>	<u>(14,836)</u>	<u>12,902</u>

Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	12,043	4,120	4,604
Work in progress	1,804	864	638
Finished goods	<u>5,620</u>	<u>8,426</u>	<u>13,442</u>
	19,467	13,410	18,684
Impairment allowance	<u>(439)</u>	<u>(1,849)</u>	<u>(1,730)</u>
	<u>19,028</u>	<u>11,561</u>	<u>16,954</u>

The movements for impairment of inventories are as follows:

	As at 1 January 2022	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment of finished goods	–	439	–	–	439
	<u>–</u>	<u>439</u>	<u>–</u>	<u>–</u>	<u>439</u>
	As at 1 January 2023	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment of raw materials	–	1,465	–	–	1,465
Impairment of work in progress	–	1	–	–	1
Impairment of finished goods	439	(56)	–	–	383
	<u>439</u>	<u>1,410</u>	<u>–</u>	<u>–</u>	<u>1,849</u>
	As at 1 January 2024	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment of raw materials	1,465	(257)	–	–	1,208
Impairment of work in progress	1	171	–	–	172
Impairment of finished goods	383	(33)	–	–	350
	<u>1,849</u>	<u>(119)</u>	<u>–</u>	<u>–</u>	<u>1,730</u>

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	502,125	516,854	591,571
Impairment	(30,149)	(37,691)	(42,681)
Trade receivables, net	<u>471,976</u>	<u>479,163</u>	<u>548,890</u>
Bills receivables	<u>2,755</u>	<u>9,461</u>	<u>4,995</u>
Trade and bills receivables	<u>474,731</u>	<u>488,624</u>	<u>553,885</u>

The bills receivables held by the Group were mostly issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at end of Relevant Periods.

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 and credit limits attributed to customers are reviewed annually. At the end of the Relevant Periods, the Group had certain concentrations of credit risk as 51.4%, 55.9% and 50.5% of the Group's trade receivables were due from the Group's five largest customers, respectively. The Group had certain concentrations of credit risk as 40.8%, 38.9% and 37.0% of the Group's trade receivables were due from the Group's largest customer.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date) is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	485,201	496,322	569,614
1 to 2 years	12,821	7,875	5,595
2 to 3 years	828	11,028	4,038
3 to 4 years	2,134	283	10,926
4 to 5 years	160	1,190	206
Over 5 years	981	156	1,192
	502,125	516,854	591,571
Impairment allowance	(30,149)	(37,691)	(42,681)
	471,976	479,163	548,890

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	25,290	30,149	37,691
Additions	12,658	8,915	7,229
Write-off	(7,799)	(1,373)	(2,239)
At end of the year	30,149	37,691	42,681

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

The Group used simplified approach by establishing a provision matrix based on its historical credit loss experience and considering the forward-looking factors in calculating ECLs for trade receivables. During the Relevant Periods, there was no significant fluctuation for the overall expected credit loss rates, the Group adopted similar expected credit loss rate for simplification purpose.

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

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within one year	5.00%	484,177	24,209
1 to 2 years	10.00%	11,733	1,173
2 to 3 years	20.00%	691	138
3 to 4 years	40.00%	1,386	555
4 to 5 years	60.00%	160	96
Over 5 years	100.00%	502	502
Individually assessed	100.00%	498,649 3,476	26,673 3,476
		502,125	30,149

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within one year	4.76%	496,322	23,647
1 to 2 years	10.00%	6,362	636
2 to 3 years	20.00%	667	133
3 to 4 years	40.00%	146	58
4 to 5 years	60.00%	350	210
Over 5 years	100.00%	156	156
Individually assessed	100.00%	504,003 12,851	24,840 12,851
		516,854	37,691

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		(RMB'000)	(RMB'000)
Within one year	4.96%	569,614	28,230
1 to 2 years	10.00%	5,595	559
2 to 3 years	20.00%	2,526	505
3 to 4 years	40.00%	657	263
4 to 5 years	60.00%	137	82
Over 5 years	100.00%	383	383
Individually assessed	100.00%	578,912 12,659	30,022 12,659
		591,571	42,681

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	35,571	42,023	40,353
Impairment allowance	(2,917)	(3,311)	(3,243)
Trade receivables, net	32,654	38,712	37,110
Bills receivables	–	135	–
Trade and bills receivables	32,654	38,847	37,110

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	4,303	2,917	3,311
(Reversal)/additions	(890)	511	(62)
Write-off	(496)	(117)	(6)
At end of the year	2,917	3,311	3,243

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	127,225	81,305	21,080
Deposits and other receivables	133,740	135,499	150,088
Value-added tax recoverable	15,094	30,277	17,527
Prepaid income tax	3,063	2,501	2,059
Listing expense	–	8,693	45,870
Others	818	607	296
	279,940	258,882	236,920
Impairment allowance	(80,011)	(96,064)	(95,046)
	<u>199,929</u>	<u>162,818</u>	<u>141,874</u>

Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	549	2,481	815
Deposits and other receivables	92,270	90,804	90,807
Listing expense	–	5,173	45,870
Others	252	1,424	2,120
	93,071	99,882	139,612
Impairment allowance	(72,166)	(89,489)	(89,175)
	<u>20,905</u>	<u>10,393</u>	<u>50,437</u>

The balances are not secured by collateral and expected credit loss rate was minimal except for the other receivables related to disposal of a subsidiary amounting to RMB89,082,000, pledged by the equity interest of that disposed entity, that the Group has individually assessed the collectability of such receivable, and provided the impairment of RMB71,266,000, RMB89,082,000 and RMB89,082,000 as at the end of the Relevant Periods.

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

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Cash and cash equivalents	852,071	1,062,110	711,062
Time deposits with original maturities between three months to one year	1,018	43,231	50,169
Pledged deposits	94,971	41,390	67,971
	<u>948,060</u>	<u>1,146,731</u>	<u>829,202</u>
Non-current			
Time deposits with original maturities over one year	–	52,055	133,791
Pledged deposits	35,000	15,000	–
	<u>35,000</u>	<u>67,055</u>	<u>133,791</u>
	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents, pledged deposits and time deposits			
Denominated in			
– RMB	574,832	771,105	682,440
– USD	332,144	298,005	131,560
– EUR	1,833	15,523	32,551
– HKD	13,176	12,729	6,883
– JPY	53,459	100,198	86,084
– Others	7,616	16,226	23,475
	<u>983,060</u>	<u>1,213,786</u>	<u>962,993</u>

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Cash and cash equivalents	157,177	147,425	100,495
Pledged deposits	69,844	20,000	12,191
	<u>227,021</u>	<u>167,425</u>	<u>112,686</u>

Non-current			
Pledged deposits	20,000	–	–
	<u>20,000</u>	<u>–</u>	<u>–</u>

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents, pledged deposits and time deposits			
Denominated in			
– RMB	193,717	122,181	94,285
– USD	50,330	44,900	18,293
– Others	2,974	344	108
	<u>247,021</u>	<u>167,425</u>	<u>112,686</u>

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

The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE AND BILLS PAYABLES

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

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	498,008	627,080	695,430
1 to 2 years	10,162	8,205	12,916
2 to 3 years	1,397	1,296	3,950
Over 3 years	2,933	3,939	4,264
	<u>512,500</u>	<u>640,520</u>	<u>716,560</u>

Trade payables are non-interest-bearing and normally settled on terms of within 30 to 60 days.

In 2024 August, the Group entered into supplier finance arrangements with Ping An Bank Co., Ltd. (“**Ping An Bank**”) and Agricultural Bank of China Limited (“**Agricultural Bank**”), together as the “discounting banks”. Pursuant to the agreements, Ping An Bank provided discounting the bill receivables of the Group’s suppliers without credit limit. Agricultural Bank provided a total credit limit up to RMB50 million for discounting the bill receivables of the Group’s suppliers.

Under these supplier finance arrangements, the Group’s suppliers can elect to have their undue bill receivables from the Group discounted by the discounting banks. Upon the Group’s approval, the discounting banks will pay the suppliers directly for the discounted receivables. The Group will subsequently make payments to the discounting banks to settle the discounted bill receivables. The term of the above supplier finance arrangements is usually not more than 6 months.

From the perspective of the Group, the supplier finance arrangements effect a non-cash movement from payables to suppliers to payables to the discounting banks. As at 31 December 2024, Ping An Bank and Agricultural Bank had paid discounting financing funds amounting to RMB32,599,000 and RMB49,903,000, respectively.

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	176,113	45,546	47,590
1 to 2 years	392	64	483
2 to 3 years	129	198	64
Over 3 years	1,352	1,481	1,539
	<u>177,986</u>	<u>47,289</u>	<u>49,676</u>

At the end of the Relevant Periods, certain of the Group’s pledged deposits, buildings and right-of use assets were pledged to secure bank facilities granted to the Group for borrowings and bills payables (note 30).

28. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payables	61,230	74,738	94,319
Repurchase obligation for restricted shares (note 36)	–	62,766	47,101
Deposits and other payable	35,909	43,592	31,336
Others	18,303	7,253	8,565
	<u>115,442</u>	<u>188,349</u>	<u>181,321</u>

Other payables are non-interest-bearing and have no fixed terms of settlement, except for repurchase obligation for restricted shares which will be settled according to the vesting schedules.

Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payables	7,340	6,066	6,021
Repurchase obligation for restricted shares (note 36)	–	62,766	47,101
Deposits and other payable	10,204	460	3,445
Others	3,122	559	1,111
	<u>20,666</u>	<u>69,851</u>	<u>57,678</u>

29. CONTRACT LIABILITIES

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sale of products/services	<u>12,949</u>	<u>14,829</u>	<u>17,858</u>

Contract liabilities include advances received to deliver goods and services. The changes in contract liabilities during the Relevant Periods were mainly due to the changes in advances received from customers.

30. INTEREST-BEARING BANK BORROWINGS

Group

	As at 31 December								
	2022			2023			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans – secured	1.58%-3.85%	2023	234,348	2.85%-3.30%	2024	55,919	2.55%-3.15%	2025	29,522
Bank loans – unsecured	2.80%-3.50%	2023	61,087	2.85%-3.30%	2024	40,035	2.40%-2.55%	2025	79,054
Current portion of long-term bank loans – secured	–	–	–	2.55%-3.00%	2024	6,879	2.55%-3.50%	2025	4,543
Current portion of long-term bank loans – unsecured	4.00%	2023	209	4.00%	2024	209	4.00%	2025	8,007
			<u>295,644</u>			<u>103,042</u>			<u>121,126</u>
Non-current									
Bank loans – secured	3.50%	2027	8,349	2.55%-3.50%	2025-2027	147,575	2.55%-3.50%	2026-2027	127,067
Bank loans – unsecured	4.00%	2025	8,200	4.00%	2025	8,000	–	–	–
			<u>16,549</u>			<u>155,575</u>			<u>127,067</u>

Company

	As at 31 December								
	2022			2023			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans – secured	3.50%	2023	65,070	–	–	–	–	–	–
Bank loans – unsecured	2.80%-3.50%	2023	61,087	2.80%-2.85%	2024	40,035	2.40%-2.55%	2025	79,054
Current portion of long-term bank loans – secured	4.00%	2023	190	2.55%-3.00%	2024	375	2.55%-2.60%	2025	250
Current portion of long-term bank loans – unsecured	4.00%	2023	10	4.00%	2024	209	4.00%	2025	8,007
			<u>126,357</u>			<u>40,619</u>			<u>87,311</u>
Non-current									
Bank loans – secured	–	–	–	2.55%-3.00%	2025-2026	89,600	2.55%-2.60%	2026	59,550
Bank loans – unsecured	4.00%	2025	8,209	4.00%	2025	8,000	–	–	–
			<u>8,209</u>			<u>97,600</u>			<u>59,550</u>

- Certain of the Group's buildings with net carrying amount of approximately RMB35,657,000, RMB33,866,000 and RMB32,076,000 as at the end of Relevant Periods, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.

- Certain of the Group's land use rights with a net carrying amount of approximately RMB37,433,000, RMB30,581,000 and RMB29,902,000 as at the end of Relevant Periods, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.
- As at the end of Relevant Periods, the Group's interest-bearing bank borrowings of RMB127,719,000, RMB180,348,000 and RMB161,133,000, respectively, were jointly guaranteed by the Company and its subsidiaries of the Group.

31. DEFERRED INCOME

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants	32,387	34,023	30,945

The Group received government grants related to capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

32. DEFERRED TAX

Group

Deferred tax assets

	Impairment of assets	Deferred income and accruals	Unrealised profits from intercompany transactions	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	7,308	2,682	–	14,976	24,966
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year	(1,042)	570	991	2,572	3,091
Gross deferred tax assets at 31 December 2022	6,266	3,252	991	17,548	28,057
Deferred tax credited/(charged) to the consolidated statements of profit or loss during the year	1,953	413	392	(2,837)	(79)
Gross deferred tax assets at 31 December 2023	8,219	3,665	1,383	14,711	27,978
Deferred tax charged to the consolidated statements of profit or loss during the year	(398)	(66)	(740)	(2,218)	(3,422)
Gross deferred tax assets at 31 December 2024	7,821	3,599	643	12,493	24,556

Deferred tax liabilities

	Fair value adjustment arising from acquisitions	Right-of-use assets	Super deduction of fixed assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	3,907	15,336	–	19,243
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year	(235)	2,200	757	2,722
Gross deferred tax liabilities at 31 December 2022	<u>3,672</u>	<u>17,536</u>	<u>757</u>	<u>21,965</u>
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year	(851)	(1,669)	50	(2,470)
Gross deferred tax liabilities at 31 December 2023	<u>2,821</u>	<u>15,867</u>	<u>807</u>	<u>19,495</u>
Deferred tax credited to the consolidated statements of profit or loss during the year	(322)	(2,961)	(88)	(3,371)
Gross deferred tax liabilities at 31 December 2024	<u>2,499</u>	<u>12,906</u>	<u>719</u>	<u>16,124</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

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

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	13,526	12,231	11,147
Deferred tax liabilities	<u>7,434</u>	<u>3,747</u>	<u>2,715</u>

The Group has tax losses arising in Hong Kong of RMB6,040,000, RMB17,047,000 and RMB47,036,000 for the Relevant Periods, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB302,758,000, RMB377,802,000 and RMB419,221,000 for the Relevant Periods, respectively, that will expire in one to ten years for offsetting against future taxable profits.

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	93,539	111,414	107,581
Tax losses	308,798	394,849	466,257
	402,337	506,263	573,838

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

Company

Deferred tax assets

	Impairment of assets	Deferred income and accruals	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	2,703	811	–	3,514
Deferred tax (charged)/credited to the statements of profit or loss of the Company during the year	(2,703)	(811)	4,266	752
Gross deferred tax assets at 31 December 2022	–	–	4,266	4,266
Deferred tax charged to the statements of profit or loss of the Company during the year	–	–	(1,233)	(1,233)
Gross deferred tax assets at 31 December 2023	–	–	3,033	3,033
Deferred tax credited to the statements of profit or loss of the Company during the year	–	–	525	525
Gross deferred tax assets at 31 December 2024	–	–	3,558	3,558

Deferred tax liabilities

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2022	–
Deferred tax charged to the statements of profit or loss of the Company during the year	4,243
Gross deferred tax liabilities at 31 December 2022	4,243
Deferred tax charged to the statements of profit or loss of the Company during the year	230
Gross deferred tax liabilities at 31 December 2023	4,473
Deferred tax credited to the statements of profit or loss of the Company during the year	(503)
Gross deferred tax liabilities at 31 December 2024	3,970

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

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

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	23	–	–
Deferred tax liabilities	–	1,440	412

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

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deductible temporary differences	84,096	102,441	102,370
Tax losses	65,179	62,268	83,928
	149,275	164,709	186,298

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

33. SHARE CAPITAL

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Issued and fully paid: ordinary shares	378,409	385,009	384,769

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

	Number of shares	Share capital
		RMB'000
At 1 January 2022	387,480,088	387,480
Cancellation of restricted shares granted under Share Incentive Plans	(9,070,800)	(9,071)
At 31 December 2022	378,409,288	378,409
Issuance of restricted shares granted under Share Incentive Plans	6,600,000	6,600
At 31 December 2023	385,009,288	385,009
Cancellation of restricted shares granted under Share Incentive Plans	(240,000)	(240)
At 31 December 2024	384,769,288	384,769

34. RESERVES

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

(a) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

(b) Share award reserve

The share award reserve comprises the fair value of equity-settled share-based payment expenses, as further explained in note 36.

(c) Capital reserve

The capital reserve mainly arose from (i) the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries; and (ii) the acquisition of non-controlling interest of the Group's subsidiaries. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(d) **Other comprehensive income**

The other comprehensive reserve mainly represented exchange fluctuation reserve, which is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(e) **Treasury Shares**

	<u>Number of shares</u>	<u>Treasury shares</u> <i>RMB'000</i>
At 1 January 2022	15,146,107	279,076
Settlement of shares repurchased (i)	(9,070,800)	(117,558)
Grant of restricted shares (<i>note 36</i>)	(6,075,307)	(161,518)
	<hr/>	<hr/>
At 31 December 2022	–	–
	<hr/>	<hr/>
Repurchase obligation for restricted shares (i)	6,600,000	62,766
Repurchase of shares (ii)	470,900	10,088
	<hr/>	<hr/>
At 31 December 2023	<u>7,070,900</u>	<u>72,854</u>
	<hr/>	<hr/>
Repurchase of shares (ii)	5,554,800	75,945
Repurchase obligation for restricted shares (i)	(643,408)	(12,635)
	<hr/>	<hr/>
At 31 December 2024	<u>11,982,292</u>	<u>136,164</u>

- (i) On 25 June 2021, the Company awarded 9,070,800 restricted shares to employees at the vest price of RMB12.96 per share under Share Incentive Plans, with the consideration of RMB117,558,000. According to the Share Incentive Plan, the Company had obligations to repurchase these restricted shares if the performance conditions were not meet. Therefore, the Company recognised the repurchase obligation amounting to RMB117,558,000.

As it was expected that the performance target under above grant would not be able to satisfied, on 27 January 2022, the Board of Directors approved the cancellation of such awards, and the outstanding restricted shares were repurchased in March 2022 and cancelled in April 2022.

On 25 September 2023, the Company awarded 6,600,000 restricted shares to employees at the vest price of RMB9.51 per share under Share Incentive Plans, with the consideration of RMB62,766,000. Accordingly, the Company recognised the repurchase obligation with the same amount.

During 2024, part of repurchase obligations were reversed upon the vesting or cancellation of restricted shares incentives.

- (ii) The Company repurchased shares for future Share Incentive Plans through centralized price bidding by self-owned funds, which were recognised as treasury shares as at the end of Relevant Periods.

(f) Reserve movement of the Company

Year ended 31 December 2022

	Treasury shares	Share premium	Share award reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	(279,076)	480,279	–	69,895	422,688	693,786
Loss for the year	–	–	–	–	(59,809)	(59,809)
Total comprehensive income for the year	–	–	–	–	(59,809)	(59,809)
Cancellation of shares repurchased	–	(108,487)	–	–	–	(108,487)
Equity-settled share-based payment expenses	–	–	3,126	–	–	3,126
Settlement of repurchase obligation for restricted shares	117,558	–	–	–	–	117,558
Restricted shares granted under Share Incentive Plans	161,518	(122,029)	–	–	–	39,489
As at 31 December 2022	–	249,763	3,126	69,895	362,879	685,663

Year ended 31 December 2023

	Treasury shares	Share premium	Share award reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	–	249,763	3,126	69,895	362,879	685,663
Profit for the year	–	–	–	–	88,491	88,491
Total comprehensive income for the year	–	–	–	–	88,491	88,491
Restricted shares granted under Share Incentive Plans	–	56,166	–	–	–	56,166
Equity-settled share-based payment expenses	–	–	26,379	–	–	26,379
Repurchase obligation for restricted shares	(62,766)	–	–	–	–	(62,766)
Shares repurchased for Share Incentive Plans	(10,088)	–	–	–	–	(10,088)
Restricted shares vested	–	10,504	(10,504)	–	–	–
Dividends declared	–	–	–	–	(175,204)	(175,204)
Transfer from retained profits	–	–	–	8,849	(8,849)	–
As at 31 December 2023	(72,854)	316,433	19,001	78,744	267,317	608,641

Year ended 31 December 2024

	Treasury shares	Share premium	Share award reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	(72,854)	316,433	19,001	78,744	267,317	608,641
Profit for the year	–	–	–	–	173,753	173,753
Total comprehensive income for the year	–	–	–	–	173,753	173,753
Equity-settled share-based payment expenses	–	–	17,332	–	–	17,332
Cancellation of shares repurchased	2,282	(2,042)	–	–	–	240
Repurchase obligation for restricted shares	10,353	29,470	(29,470)	–	–	10,353
Shares repurchased for Share Incentive Plans	(75,945)	–	–	–	–	(75,945)
Dividends declared	–	–	–	–	(201,882)	(201,882)
Transfer from retained profits	–	–	–	17,375	(17,375)	–
As at 31 December 2024	(136,164)	343,861	6,863	96,119	221,813	532,492

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2022

	Percentage of equity interest held by non- controlling interests	Profit/(loss) for the year allocated to non- controlling interests	Dividends paid to non- controlling interests	Accumulated balances of non-controlling interests at the end of 31 December 2022
		RMB'000	RMB'000	RMB'000
Luanzhou Jihong	40.00%	2,664	–	37,085
Hangzhou Jimiaoyun	45.00%	(8,969)	–	(33,334)
Shaanxi Yongxin	49.00%	(4,357)	–	25,002
Ganzhou Gujiao Wine Industry Development Co., Ltd. (“ Ganzhou Gujiao ”)	30.00%	(2,288)	–	12,111

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Luanzhou Jihong	Hangzhou Jimiaoyun	Shaanxi Yongxin	Ganzhou Gujiao
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	134,446	1,613	178,044	25,335
Total expenses	(127,653)	(21,544)	(186,936)	(32,963)
Profit/(loss) for the year	6,793	(19,931)	(8,892)	(7,628)
Total comprehensive income for the year	6,793	(19,960)	(8,892)	(7,628)
Current assets	91,775	3,541	55,678	154,763
Non-current assets	22,944	1,638	26,105	1,743
Current liabilities	18,534	51,755	30,195	116,136
Non-current liabilities	3,638	–	1,129	–
Net cash flows from/(used in) operating activities	14,698	(61,343)	(1,128)	15,042
Net cash flows used in investing activities	(868)	(295)	–	(2,043)
Net cash flows (used in)/from financing activities	(14,301)	58,050	(258)	(8,300)
Net (decrease)/increase in cash and cash equivalents	(471)	(3,588)	(1,386)	4,699

31 December 2023

	Percentage of equity interest held by non- controlling interests	Profit/ (loss) for the year allocated to non- controlling interests at	Dividends paid to non- controlling interests	Accumulated balances of non-controlling interests the end of 31 December 2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Luanzhou Jihong	40%	4,207	–	41,292
Hangzhou Jimiaoyun	45%	(7,603)	–	(40,937)
Shaanxi Yongxin	49%	(1,835)	–	23,167
Ganzhou Gujiao	30%	(2,655)	–	9,456

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Luanzhou Jihong	Hangzhou Jimiaoyun	Shaanxi Yongxin	Ganzhou Gujiao
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	138,030	4,185	178	9,526
Total expenses	(127,513)	(21,081)	(3,923)	(18,377)
Profit/(loss) for the year	10,517	(16,896)	(3,745)	(8,851)
Total comprehensive income for the year	10,517	(16,896)	(3,745)	(8,851)
Current assets	105,441	5,548	43,781	141,956
Non-current assets	21,587	7,550	592	2,288
Current liabilities	22,949	70,402	37	111,731
Non-current liabilities	1,056	4,590	148	–
Net cash flows from/(used in) operating activities	23,686	(10,706)	45,508	11,921
Net cash flows used in investing activities	(3,794)	(431)	–	–
Net cash flows (used in)/from financing activities	(19,473)	11,850	(5,000)	(11,700)
Net increase in cash and cash equivalents	419	713	40,508	221

31 December 2024

	Percentage of equity interest held by non- controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Dividends paid to non- controlling interests	Accumulated balances of non-controlling interests at the end of 31 December 2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Luanzhou Jihong	40%	2,044	–	43,336
Hangzhou Jimiaoyun	45%	(5,166)	–	(46,103)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Luanzhou Jihong	Hangzhou Jimiaoyun
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	93,349	22,373
Total expenses	(88,240)	(33,854)
Profit/(loss) for the year	5,109	(11,481)
Total comprehensive income for the year	5,109	(11,481)
	<hr/>	<hr/>
Current assets	106,904	3,363
Non-current assets	19,299	255
Current liabilities	18,070	75,060
Non-current liabilities	–	2
	<hr/>	<hr/>
Net cash flows from/(used in) operating activities	3,599	(1,242)
Net cash flows (used in)/from investing activities	(29,348)	497
Net cash flows from financing activities	69,588	4,237
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	43,839	3,492
	<hr/>	<hr/>

36. SHARE BASED PAYMENTS

During the Relevant Periods, the Company has conducted a series of restricted shares incentive plans (“**Share Incentive Plans**”) to eligible management and employees of the Group. Under the Share Incentive Plans, participants can exercise the shares when certain criteria fulfilled.

The restricted shares granted are subject to specific lock-up periods and with service and/or performance conditions vesting conditions which are determined by the Board of Directors. Evaluations are made as of each reporting period to assess the likelihood of vesting conditions being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

The following equity-settled share based payment was outstanding under the Share Incentive Plans during the Relevant Periods:

	Number of restricted shares	Weighted average grant day fair value per restricted share (RMB)
At 1 January 2022	9,070,800	14.82
Granted	6,075,307	4.94
Cancelled	(9,070,800)	14.82
	<u>6,075,307</u>	<u>4.94</u>
At 31 December 2022	<u>6,075,307</u>	<u>4.94</u>
At 1 January 2023	6,075,307	4.94
Granted	6,600,000	8.52
Vested	(2,126,300)	4.94
	<u>10,549,007</u>	<u>7.18</u>
At 31 December 2023	<u>10,549,007</u>	<u>7.18</u>
At 1 January 2024	10,549,007	7.18
Vested	(4,352,415)	6.77
Forfeited	(4,288,592)	7.00
	<u>1,908,000</u>	<u>8.52</u>
At 31 December 2024	<u>1,908,000</u>	<u>8.52</u>

The weighted-average remaining contract lives for outstanding restricted shares granted under Share Incentive Plans were 1.77, 1.53 and 1.73 years as at the end of Relevant Periods.

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

The total expenses recognised in the consolidated statements of profit or loss for restricted shares granted to the Group's management and employees under all share schemes were RMB3,126,000, RMB26,379,000 and RMB17,332,000 for the Relevant Periods, respectively.

As at the end of the Relevant Periods, the Group recognised the repurchase obligation in relation to restricted shares granted amounting to nil, RMB62,766,000 and RMB47,101,000, respectively.

37. BUSINESS COMBINATIONS

During the Relevant Periods, the Group held the following significant business combination:

Acquisition of SENADA BIKES

To establish and expand the product with its own brand in the e-commerce business, on 1 July 2022, the Group through its subsidiary acquired a business (“**SENADA BIKES**”) at a consideration of RMB22,349,000.

The fair values of the identifiable assets of SENADA BIKES as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Non-current assets	5,159
Other current assets	1,031
Inventories	8,239
	<hr/>
Total assets	14,429
	<hr/>
Total identifiable net assets at fair value	14,429
Goodwill	7,920
	<hr/>
	22,349
	<hr/>
Satisfied by:	
Cash	22,349
	<hr/>

An analysis of the cash flows in respect of the acquisition of SENADA BIKES is as follows:

	<i>RMB'000</i>
Cash consideration paid in the year	(22,349)
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(22,349)
	<hr/>

Since the acquisition, SENADA BIKES contributed RMB16,130,000 to the Group’s revenue and caused a loss of RMB1,456,000 to the consolidated profit for the year ended 31 December 2022. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB5,387,598,000 and RMB173,111,000, respectively.

38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net assets disposed of:			
Cash and cash equivalents	104	5,232	958
Other current assets	3,282	3,341	15,038
Other non-current assets	46	1,142	87
Other current liabilities	(1,421)	(9,567)	(13,020)
Other non-current liabilities	–	(653)	–
Subtotal	2,011	(505)	3,063
Non-controlling interests	–	–	(1,470)
Net assets attributable to the Group disposed of:	2,011	(505)	1,593
Gain/(loss) on disposal of subsidiaries	56	515	(553)
Total consideration	2,067	10	1,040
Satisfied by:			
Cash	1,034	10	1,040

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash consideration	1,034	10	1,040
Cash and cash equivalents disposed of	(104)	(5,232)	(958)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	930	(5,222)	82

(b) Deregistration of subsidiaries

On 14 May 2024, the Group deregistrated Shaanxi Yongxin Paper Industry Packaging Co., Ltd. (“**Shaanxi Yongxin**”). Before the deregistration, the Group’s direct equity interest in Shaanxi Yongxin was 51%. Net outflow of cash and cash equivalents in respect of the deregistration of Shannxi Yongxin was RMB21,447,000.

During the year ended 31 December 2024, the Group deregistrated other six subsidiaries and no cashflow arose from the deregistrations.

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB31,551,000, RMB50,109,000 and RMB34,440,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Interest-bearing bank borrowings	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	232,416	68,931
Changes from financing activities cash flows	65,965	(19,942)
New leases	–	31,551
Accrual of interest	13,812	4,562
Termination of lease contracts	–	(7,664)
	<u>312,193</u>	<u>77,438</u>
At 31 December 2022	<u>312,193</u>	<u>77,438</u>

Year ended 31 December 2023

	Interest-bearing bank borrowings	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	312,193	77,438
Changes from financing activities cash flows	(60,453)	(43,676)
New leases	–	50,109
Accrual of interest	6,877	4,514
	<u>258,617</u>	<u>88,385</u>
At 31 December 2023	<u>258,617</u>	<u>88,385</u>

Year ended 31 December 2024

	Interest-bearing bank borrowings	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	258,617	88,385
Changes from financing activities cash flows	(16,507)	(34,918)
New leases	–	34,440
Termination of lease contracts	–	(8,614)
Accrual of interest	6,083	4,850
	<u>248,193</u>	<u>84,143</u>
At 31 December 2024	<u>248,193</u>	<u>84,143</u>

(c) **Total cash outflow for leases**

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities	2,633	5,261	3,215
Within financing activities	19,942	43,676	34,918
	<u>22,575</u>	<u>48,937</u>	<u>38,133</u>

40. CONTINGENT LIABILITIES

As at the end of Relevant Periods, neither the Group nor the Company had any significant contingent liabilities.

41. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 30 to the Historical Financial Information.

42. COMMITMENTS

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for purchase of property, plant and equipment	<u>86,474</u>	<u>73,125</u>	<u>11,455</u>

43. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the Relevant Periods:

(a) Transactions with related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of goods			
Associates	–	1,820	720
	–	1,820	720
Purchases of products			
Associates	3,957	4,926	3,701
	3,957	4,926	3,701
Purchases of services			
Associate	–	679	1,619
	–	679	1,619

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(b) Outstanding balances with related parties

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts due to related parties			
Associates	3,117	1,364	972
Amounts due from related parties			
Associates	–	1,453	1,243

The outstanding balances with related parties are all trade in nature.

(c) **Compensation of key management personnel of the Group:**

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	346	400	798
Other emoluments:			
Salaries, allowances and benefits in kind	4,292	5,403	10,393
Performance related bonuses	4,345	6,455	5,565
Equity-settled share-based payment expenses	102	934	3,511
Pension scheme contributions	160	148	179
	9,245	13,340	20,446

The Company had the following transactions with related parties during the Relevant Periods:

(a) **Transactions with related parties**

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of goods			
Associates	—	—	113
	—	—	113
Purchases of products			
Associates	3,957	4,926	3,701
	3,957	4,926	3,701
Purchases of services			
Associate	—	669	1,619
	—	669	1,619

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(b) **Outstanding balances with related parties**

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts due to related parties			
Associates	2,915	1,162	972
Amounts due from related parties			
Associates	—	—	114

The outstanding balances with related parties are all trade in nature.

44. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2022

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortized 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	–	18,500	–	–	18,500
Pledged deposits	–	–	–	129,971	129,971
Time deposits	–	–	1,018	–	1,018
Trade and bills receivables	23,755	–	–	450,976	474,731
Financial assets included in prepayments, other receivables and other assets (note 25)	–	–	–	54,547	54,547
Cash and cash equivalents	–	–	–	852,071	852,071
	<u>23,755</u>	<u>18,500</u>	<u>1,018</u>	<u>1,487,565</u>	<u>1,530,838</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	512,500
Financial liabilities included in other payables and accruals (note 28)	35,909
Interest-bearing bank borrowings	312,193
Amounts due to related parties	3,117
	<u>863,719</u>

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	–	19,500	–	19,500
Pledged deposits	–	–	56,390	56,390
Time deposits	–	–	43,231	95,286
Trade and bills receivables	8,440	–	–	480,184
Amounts due from related parties	–	–	–	1,453
Financial assets included in prepayments, other receivables and other assets (<i>note 25</i>)	–	–	–	39,435
Cash and cash equivalents	–	–	–	1,062,110
	8,440	19,500	43,231	1,691,627
				1,762,798

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	640,520
Amounts due to related parties	1,364
Interest-bearing bank borrowings	258,617
Financial liabilities included in other payables and accruals (<i>note 28</i>)	106,358
	1,006,859

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Debt investments	Equity investments			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	–	8,254	–	–	8,254
Pledged deposits	–	–	–	67,971	67,971
Time deposits	–	–	28,088	155,872	183,960
Financial assets at fair value through profit or loss	–	–	130,863	–	130,863
Trade and bills receivables	4,204	–	–	549,681	553,885
Amounts due from related parties	–	–	–	1,243	1,243
Financial assets included in prepayments, other receivables and other assets (<i>note 25</i>)	–	–	–	54,498	54,498
Cash and cash equivalents	–	–	–	711,062	711,062
	<u>4,204</u>	<u>8,254</u>	<u>158,951</u>	<u>1,540,327</u>	<u>1,711,736</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables	716,560
Financial liabilities included in other payables and accruals (<i>note 28</i>)	78,437
Interest-bearing bank borrowings	248,193
Amounts due to related parties	972
	<u>1,044,162</u>

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the non-current portion of pledged deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to their carrying amounts.

The unlisted investments in financial assets at fair value through profit or loss were investments issued by private equity fund in Hong Kong. As at 31 December 2024, the private equity fund was in the fundraising stage and had not yet made investments. The fair values 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 Group's finance manager reports directly to the financial director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

Fair value hierarchy

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

Assets measured at fair value:

	As at 31 December 2022	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	23,755	–	23,755	–
Financial assets at fair value through profit or loss	1,018	1,018	–	–
Equity investments designated at fair value through other comprehensive income	18,500	–	–	18,500
	<u>43,273</u>	<u>1,018</u>	<u>23,755</u>	<u>18,500</u>

	Fair value measurement using			
	As at 31 December 2023	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	8,440	–	8,440	–
Financial assets at fair value through profit or loss	43,231	43,231	–	–
Equity investments designated at fair value through other comprehensive income	19,500	–	–	19,500
	<u>71,171</u>	<u>43,231</u>	<u>8,440</u>	<u>19,500</u>

	Fair value measurement using			
	As at 31 December 2024	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	4,204	–	4,204	–
Financial assets at fair value through profit or loss	158,951	28,088	130,863	–
Equity investments designated at fair value through other comprehensive income	8,254	–	–	8,254
	<u>171,409</u>	<u>28,088</u>	<u>135,067</u>	<u>8,254</u>

During the Relevant Periods, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of equity investments designated at fair value through other comprehensive income has been estimated using market method or discounted cash flow method. For trade and bills receivables measured at fair value through other comprehensive income and time deposits measured at fair value through profit or loss due to interest linked to some financial variables, the Group estimated their fair value by using a discounted cash flow method.

Set out below is a summary of significant unobservable inputs to the valuation of financial instrument together with a quantitative sensitivity analysis as at the end of the Relevant Periods:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investment A	Market method	One quarter Enterprise value (“EV”)/Sales (“R”) multiple of peers	31 December 2022: 0.10-0.11	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB131,000
			31 December 2023: 0.09-0.23	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB141,000
		Discount for lack of marketability	31 December 2022: 19.00%-21.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB48,000
			31 December 2023: 19.00%-21.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB49,000
Investment B	Market method	Median Enterprise value (“EV”)/ Sales (“R”) multiple of peers	31 December 2023: 1.14-4.24	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB313,000
			31 December 2024: 1.38-4.35	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB271,000
		Discount for lack of marketability	31 December 2023: 19.00%-21.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB78,000
			31 December 2024: 18.00%-20.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB62,000
Investment C	Discounted cash flow method	Weighted Average Cost of Capital (“WACC”)	31 December 2022: 14.15%-17.05%	5% increase/decrease in WACC used would result in a difference in fair value of RMB386,000
			31 December 2023: 16.21%-18.85%	5% increase/decrease in WACC used would result in a difference in fair value of RMB365,000
		Discount for lack of marketability	31 December 2022: 21.38%-23.63%	5% increase/decrease in discount used would result in a difference in fair value of RMB101,000
			31 December 2023: 20.43%-22.58%	5% increase/decrease in discount used would result in a difference in fair value of RMB92,000

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, lease liabilities, other liabilities, cash and cash equivalents and time deposits. 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 payables, which arise directly from its operations.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from overseas sales of products of paper packaging and cross-border social e-commerce, and purchases of logistics and advertisement services with payments to overseas suppliers.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD, JPY and EUR exchange rates, with all other variables held constant, of the Group's profit before tax (arising from USD, JPY and EUR denominated financial instruments).

	Increase/ (decrease) in foreign currency/RMB rate	Increase/(decrease) in profit before tax
	%	RMB'000
31 December 2022		
If RMB weakens against USD	5	3,156
If RMB strengthens against USD	(5)	(3,156)
If RMB weakens against JPY	5	6,801
If RMB strengthens against JPY	(5)	(6,801)
31 December 2023		
If RMB weakens against JPY	5	9,004
If RMB strengthens against JPY	(5)	(9,004)
If RMB weakens against EUR	5	1,078
If RMB strengthens against EUR	(5)	(1,078)
31 December 2024		
If RMB weakens against JPY	5	9,858
If RMB strengthens against JPY	(5)	(9,858)
If RMB weakens against USD	5	(4,153)
If RMB strengthens against USD	(5)	4,153

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant except for items individually assessed. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the deputy general manager.

Maximum exposure and year-end staging

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

As at 31 December 2022

	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*	–	–	–	504,880	504,880
Financial assets included in prepayments, other receivables and other assets					
– Normal**	42,311	–	–	–	42,311
– Doubtful**	–	–	92,247	–	92,247
Pledged deposits	129,971	–	–	–	129,971
Cash and cash equivalents	852,071	–	–	–	852,071
	<u>1,024,353</u>	<u>–</u>	<u>92,247</u>	<u>504,880</u>	<u>1,621,480</u>

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*	–	–	–	526,315	526,315
Financial assets included in prepayments, other receivables and other assets					
– Normal**	43,859	–	–	–	43,859
– Doubtful**	–	–	92,247	–	92,247
Pledged deposits	56,390	–	–	–	56,390
Time deposits	52,055	–	–	–	52,055
Cash and cash equivalents	1,062,110	–	–	–	1,062,110
	<u>1,214,414</u>	<u>–</u>	<u>92,247</u>	<u>526,315</u>	<u>1,832,976</u>

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*	–	–	–	596,566	596,566
Financial assets included in prepayments, other receivables and other assets					
– Normal**	56,838	–	–	–	56,838
– Doubtful**	–	–	93,546	–	93,546
Pledged deposits	67,971	–	–	–	67,971
Time deposits	155,872	–	–	–	155,872
Cash and cash equivalents	711,062	–	–	–	711,062
	<u>991,743</u>	<u>–</u>	<u>93,546</u>	<u>596,566</u>	<u>1,681,855</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables and prepayments, other receivables and other assets are disclosed in notes 24 and 25 to the Historical Financial Information.

Concentrations of credit risk are managed by customers. Credit risk management is centralized according to customers. At the end of the Relevant Periods, the Group had certain concentrations of credit risk as 51.4%, 55.9% and 50.5% of the book balance of the Group’s trade and bills receivables were due from the Group’s five largest customers, respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group’s objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings. The Group’s policy is that all the borrowings should be approved by the deputy general manager.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

31 December 2022

	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	512,500	–	–	512,500
Amounts due to related parties	3,117	–	–	3,117
Interest-bearing bank borrowings	296,827	18,582	–	315,409
Lease liabilities	22,106	47,754	9,638	79,498
Other payables and accruals	35,909	–	–	35,909
	<u>870,459</u>	<u>66,336</u>	<u>9,638</u>	<u>946,433</u>

31 December 2023

	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	640,520	–	–	640,520
Amounts due to related parties	1,364	–	–	1,364
Interest-bearing bank borrowings	108,713	162,322	–	271,035
Lease liabilities	26,833	61,513	6,957	95,303
Other payables and accruals	106,358	–	–	106,358
	<u>883,788</u>	<u>223,835</u>	<u>6,957</u>	<u>1,114,580</u>

31 December 2024

	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	716,560	–	–	716,560
Amounts due to related parties	972	–	–	972
Interest-bearing bank borrowings	124,018	130,351	–	254,369
Lease liabilities	37,397	53,627	–	91,024
Other payables and accruals	78,437	–	–	78,437
	<u>957,384</u>	<u>183,978</u>	<u>–</u>	<u>1,141,362</u>

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

The Group monitors capital using a gearing ratio, which is debt divided by the equity plus debt. Debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals, lease liabilities and amounts due to related parties. Capital includes equity attributable to owners of the parent. The gearing ratios as at 31 December 2022, 2023 and 2024 were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	312,193	258,617	248,193
Trade and bills payables	512,500	640,520	716,560
Other payables and accruals	115,442	188,349	181,321
Lease liabilities	77,438	88,385	84,143
Amounts due to related parties	3,117	1,364	972
Less: Cash and cash equivalents	852,071	1,062,110	711,062
Net debt	168,619	115,125	520,127
Equity attribute to owners of the parent	2,095,216	2,280,398	2,202,024
Equity and net debt	2,263,835	2,395,523	2,722,151
Gearing ratio	7%	5%	19%

47. EVENTS AFTER THE RELEVANT PERIODS

Progress of share repurchase program

During the first quarter of 2025 and the period from 1 April 2025 to 30 April 2025, the Company repurchased 534,200 A shares, and 210,000 A shares, with the considerations of RMB7,225,000 and RMB2,337,000, respectively. As at 30 April 2025, the Company has cumulatively repurchased 744,200 A shares with the considerations of RMB9,562,000 under the current share repurchase program.

Distribution of profit

On 1 April 2025, the Board of Directors approved the proposed profit distribution for the year 2024, based on the Company's outstanding 384,769,288 A shares less repurchased 6,559,900 A shares, which was 378,209,388 shares, to distribute cash dividends with the amount of RMB1.58 per 10 shares (including tax), a total cash dividend of RMB 59,757,000 will be distributed. The aforesaid matter was approved at the general meeting on 25 April 2025.

On 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed, taking into account of further share repurchases after the general meeting.

III SUBSEQUENT FINANCIAL STATEMENTS

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

INTRODUCTION

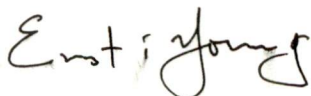
We have reviewed the interim financial information set out on pages IB-2 to IB-30, which comprises the interim condensed consolidated statement of financial position of Xiamen Jihong Co., Ltd (廈門吉宏科技股份有限公司, the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 31 March 2025, and the related condensed consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the three months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.



Certified Public Accountants

Hong Kong

19 May 2025

I. INTERIM FINANCIAL INFORMATION

Preparation of Interim Financial Information

Set out below is the interim financial information which forms an integral part of this accountants' report.

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Three months ended 31 March	
		2025	2024
		<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
REVENUE	4	1,477,491	1,324,458
Cost of sales		(805,801)	(787,783)
GROSS PROFIT		671,690	536,675
Other income and gains	5	9,532	15,802
Selling and marketing expenses		(513,981)	(399,171)
Administrative expenses		(64,571)	(63,995)
Research and development expenses		(32,156)	(28,799)
Reversals/(accruals) of impairment on financial assets		1,479	(1,684)
Share of (losses)/profits of associates		(1,433)	523
Foreign exchange gains/(losses), net		4,273	(5,901)
Finance costs	7	(3,331)	(3,121)
Other expenses and losses	5	(108)	(590)
PROFIT BEFORE TAX	6	71,394	49,739
Income tax expense	8	(8,925)	(10,194)
PROFIT FOR THE PERIOD		62,469	39,545
Attributable to:			
Owners of the parent		59,160	42,805
Non-controlling interests		3,309	(3,260)
		62,469	39,545
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (<i>RMB</i>)		0.16	0.11
Diluted (<i>RMB</i>)		0.16	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
PROFIT FOR THE PERIOD	62,469	39,545
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(73)	88
Share of other comprehensive income of associates	(12)	—
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(85)	88
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(85)	88
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	62,384	39,633
Attributable to:		
Owners of the parent	59,081	42,892
Non-controlling interests	3,303	(3,259)
	62,384	39,633

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at	As at
		31 March	31 December
	<i>Notes</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(unaudited)</i>	<i>(audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	907,288	930,436
Right-of-use assets	<i>12</i>	168,151	176,350
Goodwill		9,585	9,585
Other intangible assets		19,105	19,910
Investment in associates		102,712	107,477
Equity investments designated at fair value through other comprehensive income		8,254	8,254
Financial assets at fair value through profit or loss	<i>13</i>	130,500	130,863
Deferred tax assets		11,268	11,147
Time deposits	<i>17</i>	179,871	133,791
Other non-current assets		3,751	1,188
Total non-current assets		1,540,485	1,529,001
CURRENT ASSETS			
Inventories	<i>14</i>	426,047	447,889
Trade and bills receivables	<i>15</i>	525,783	553,885
Prepayments, other receivables and other assets	<i>16</i>	150,134	141,874
Amounts due from related parties	<i>25</i>	1,009	1,243
Pledged deposits	<i>17</i>	84,814	67,971
Time deposits	<i>17</i>	64,228	50,169
Cash and cash equivalents	<i>17</i>	716,320	711,062
Total current assets		1,968,335	1,974,093

		As at 31 March	As at 31 December
	<i>Notes</i>	2025	2024
		<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
CURRENT LIABILITIES			
Trade and bills payables	18	682,878	716,560
Other payables and accruals	19	146,272	181,321
Contract liabilities		9,698	17,858
Interest-bearing bank borrowings	20	170,204	121,126
Lease liabilities		33,962	34,678
Tax payables		12,093	8,645
Amounts due to related parties	25	723	972
Other current liabilities		3,325	3,227
Total current liabilities		<u>1,059,155</u>	<u>1,084,387</u>
NET CURRENT ASSETS		<u>909,180</u>	<u>889,706</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,449,665</u>	<u>2,418,707</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	20	105,817	127,067
Lease liabilities		43,386	49,465
Deferred income		31,042	30,945
Deferred tax liabilities		2,929	2,715
Total non-current liabilities		<u>183,174</u>	<u>210,192</u>
NET ASSETS		<u><u>2,266,491</u></u>	<u><u>2,208,515</u></u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		384,769	384,769
Reserves	21	1,870,465	1,817,255
		2,255,234	2,202,024
Non-controlling interests		<u>11,257</u>	<u>6,491</u>
Total equity		<u><u>2,266,491</u></u>	<u><u>2,208,515</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Treasury shares	Share premium	Share award reserve	Statutory 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 2025	384,769	(136,164)	245,825	6,863	96,119	(20,849)	1,625,461	2,202,024
Profit for the period (unaudited)	-	-	-	-	-	-	6,491	2,208,515
Exchange differences on translation of foreign operations (unaudited)	-	-	-	-	-	(67)	59,160	62,469
Share of other comprehensive income of associates (unaudited)	-	-	-	-	-	(12)	(6)	(73)
	-	-	-	-	-	(12)	-	(12)
Total comprehensive income for the period (unaudited)	-	-	-	-	-	(79)	59,160	59,081
Equity-settled share-based payment expenses (unaudited)	-	-	-	1,355	-	-	-	1,355
Shares repurchased for Share Incentive Plans (unaudited)	-	(7,226)	-	-	-	-	-	(7,226)
Contribution from non-controlling interests (unaudited)	-	-	-	-	-	-	1,463	1,463
As at 31 March 2025 (unaudited)	384,769	(143,390)	245,825	8,218	96,119	(20,928)	1,684,621	2,255,234
							11,257	2,266,491

Attributable to owners of the parent

	Share capital	Treasury shares	Share premium	Share award reserve	Statutory reserve	Other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	385,009	(72,854)	218,557	19,001	78,744	(14,120)	1,666,061	2,280,398	32,456	2,312,854
Profit for the period (audited)	-	-	-	-	-	-	42,805	42,805	(3,260)	39,545
Exchange differences on translation of foreign operations (audited)	-	-	-	-	-	87	-	87	1	88
Total comprehensive income for the period (audited)	-	-	-	-	-	87	42,805	42,892	(3,259)	39,633
Equity-settled share-based payment expenses (audited)	-	-	-	10,849	-	-	-	10,849	-	10,849
Shares repurchased for Share Incentive Plans (audited)	-	(62,897)	-	-	-	-	-	(62,897)	-	(62,897)
Disposal/deregistration of subsidiaries (audited)	-	-	-	-	-	-	-	-	(24,646)	(24,646)
As at 31 March 2024 (audited)	385,009	(135,751)	218,557	29,850	78,744	(14,033)	1,708,866	2,271,242	4,551	2,275,793

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Cash from operations	71,720	(77,416)
Income tax paid	(5,661)	(19,716)
Interest received	1,896	3,097
Net cash flows from/(used in) operating activities	<u>67,955</u>	<u>(94,035)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(21,205)	(40,744)
Proceeds from disposal of items of property, plant and equipment	1,218	2,828
Purchase of other intangible assets	(3,000)	(355)
Disposal of subsidiaries, net of cash disposed	–	(230)
Proceeds from deregistration of an associate	1,470	–
Dividend received from an associate	1,850	–
Dividend received from an equity investment designated at fair value through other comprehensive income	–	84
Purchase of deposits with original maturity of more than three months when acquired	(255,137)	(80,000)
Proceeds from maturity of deposits with original maturity of more than three months when acquired	<u>196,703</u>	<u>45,312</u>
Net cash flows used in investing activities	<u>(78,101)</u>	<u>(73,105)</u>

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from capital contributions by non-controlling interests	1,463	–
Deregistration of a subsidiary, net of cash disposed	–	(21,447)
Repurchase of shares	(7,226)	(62,897)
Proceeds from interest-bearing bank borrowings	93,950	77,000
Repayment of interest-bearing bank borrowings	(66,100)	(108,060)
Interest paid for interest-bearing bank borrowings	(1,722)	(1,516)
Principal portion of lease payments	(6,152)	(8,183)
Interest portion of lease payments	(1,049)	(1,116)
Listing expenses	(1,528)	(20,448)
Net cash flows from/(used in) financing activities	<u>11,636</u>	<u>(146,667)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,490</u>	<u>(313,807)</u>
Cash and cash equivalents at beginning of period	711,062	1,062,110
Effect of foreign exchange differences, net	<u>3,768</u>	<u>(5,917)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>716,320</u>	<u>742,386</u>

II NOTES TO THE INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Xiamen Jihong Co., Ltd (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) as a limited liability company on 24 December 2003. The registered address of the office of the Company is No. 9 Putou Road, Phase II, Dongfu Industrial Zone, Haicang District, Xiamen, China. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002803.SZ) on 12 July 2016. The Company is ultimately controlled by Ms. Zhuang Hao.

During the three months ended 31 March 2025 and 2024 (the “**Relevant Periods**”), the Company and its subsidiaries (together as the “**Group**”) were principally involved in the business of paper packaging and cross-border social e-commerce.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim financial information for the Relevant Periods has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“**IAS 34**”) issued by the International Accounting Standards Board (“**IASB**”).

The unaudited interim financial information does not include all the information, disclosures and the impact of the issued but not yet effective international financial reporting standard required in the Historical Financial Information, and should be read in conjunction with the Group’s Historical Financial Information for the years ended 31 December 2022, 2023 and 2024.

The accounting policies applied in the preparation of the unaudited interim financial information are consistent with those used in the Group’s Historical Financial statements for the years ended 31 December 2022, 2023 and 2024.

The interim financial information has been prepared under the historical cost convention, except for certain trade and bills receivables at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and certain time deposits at fair value through profit or loss which have been measured at fair value.

3. OPERATING SEGMENT INFORMATION

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

- (i) The cross-border social e-commerce operation;
- (ii) The paper packaging operation; and
- (iii) The other operations.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit before tax except that impairment losses on financial assets is excluded from such measurement. Management also treats the Company as part of the paper packaging segment.

Segment assets exclude cash and cash equivalents, time deposits, pledged deposits, deferred tax assets, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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.

Three months ended 31 March 2025

	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Sales to external customers (unaudited)	930,071	545,776	1,644	1,477,491
Intersegment sales (unaudited)	–	–	974	974
Total segment revenue (unaudited)	930,071	545,776	2,618	1,478,465
<i>Reconciliation:</i>				
Elimination of intersegment sales (unaudited)				(974)
Revenue from contracts with customers (unaudited)				<u>1,477,491</u>
Segment results (unaudited)	33,598	38,678	(2,361)	69,915
<i>Reconciliation:</i>				
Elimination of intersegment results (unaudited)*				–
Impairment reversals on financial assets (unaudited)				<u>1,479</u>
Profit before tax (unaudited)				<u>71,394</u>

Three months ended 31 March 2024

	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue				
Sales to external customers (audited)	725,746	547,988	50,724	1,324,458
Intersegment sales (audited)	408	–	733	1,141
Total segment revenue (audited)	726,154	547,988	51,457	1,325,599
<i>Reconciliation:</i>				
Elimination of intersegment sales (audited)				(1,141)
Revenue from contracts with customers (audited)				<u>1,324,458</u>
Segment results (audited)	13,806	183,562	12,214	209,582
<i>Reconciliation:</i>				
Elimination of intersegment results (audited)*				(158,159)
Impairment losses on financial assets (audited)				<u>(1,684)</u>
Profit before tax (audited)				<u>49,739</u>

* The segment results of paper packaging segment contains dividends distributed by the cross-border social e-commerce segment. During the Relevant Periods, the amounts of the distributed dividends were nil and RMB150,000,000, respectively.

The following table presents the asset and liability information of the Group's operating segments as at 31 March 2025 and 31 December 2024.

31 March 2025

	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	875,129	2,066,689	109,099	3,050,917
<i>Reconciliation:</i>				
Elimination of intersegment receivables (unaudited)				(644,568)
Corporate and other unallocated assets (unaudited)				1,102,471
Total assets (unaudited)				3,508,820
Segment liabilities	460,797	1,003,738	143,411	1,607,946
<i>Reconciliation:</i>				
Elimination of intersegment payables (unaudited)				(644,568)
Corporate and other unallocated liabilities (unaudited)				278,951
Total liabilities (unaudited)				1,242,329

31 December 2024

	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	847,373	2,077,636	120,606	3,045,615
<i>Reconciliation:</i>				
Elimination of intersegment receivables (audited)				(591,880)
Corporate and other unallocated assets (audited)				1,049,359
Total assets (audited)				3,503,094
Segment liabilities	504,602	971,640	159,309	1,635,551
<i>Reconciliation:</i>				
Elimination of intersegment payables (audited)				(591,880)
Corporate and other unallocated liabilities (audited)				250,908
Total liabilities (audited)				1,294,579

4. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

For the three months ended 31 March 2025

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Types of goods or services				
Cross-border social e-commerce	930,071	–	–	930,071
Paper packaging	–	545,776	–	545,776
Others	–	–	1,644	1,644
Total revenue from contracts with customers	930,071	545,776	1,644	1,477,491
Geographical markets				
Northeast Asia	387,131	6,154	–	393,285
Southeast Asia	169,026	78	–	169,104
Middle East	80,908	8,487	–	89,395
Mainland China	–	504,310	1,644	505,954
Europe and North America				
– U.S.	108,145	155	–	108,300
– Europe and other countries in North America	182,997	1,636	–	184,633
Other countries/regions	1,864	24,956	–	26,820
Total revenue from contracts with customers	930,071	545,776	1,644	1,477,491
Timing of revenue recognition				
Transferred at a point in time	930,071	545,776	1,644	1,477,491
Total revenue from contracts with customers	930,071	545,776	1,644	1,477,491

Three months ended 31 March 2024

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Types of goods or services				
Cross-border social e-commerce	725,746	–	–	725,746
Paper packaging	–	547,988	–	547,988
Others	–	–	50,724	50,724
Total revenue from contracts with customers	725,746	547,988	50,724	1,324,458
Geographical markets				
Northeast Asia	373,673	4,816	–	378,489
Southeast Asia	174,219	49	–	174,268
Middle East	70,307	–	–	70,307
Mainland China	–	524,723	50,724	575,447
Europe and North America				
– U.S.	21,319	2,587	–	23,906
– Europe and other countries in North America	85,061	211	–	85,272
Other countries/regions	1,167	15,602	–	16,769
Total revenue from contracts with customers	725,746	547,988	50,724	1,324,458
Timing of revenue recognition				
Transferred at a point in time	725,746	547,988	50,724	1,324,458
Total revenue from contracts with customers	725,746	547,988	50,724	1,324,458

(b) Performance obligations

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

Sale of products

The performance obligation is satisfied upon the acceptance of the products by customers. For customers of paper packaging, the contract price is usually settled within 30-90 days of delivery. For customers of cross-border social e-commerce, the contract price is usually prepaid through online platforms or paid by cash on delivery, and the Group normally settles with platforms or logistics service providers within 3-15 days.

Provision of services

The performance obligation is satisfied at the point in time once the services are completed and accepted by customers based on the milestone achieved. Contract price is usually paid by customers within 30-90 days.

5. OTHER INCOME AND GAINS, OTHER EXPENSES AND LOSSES

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Other income		
Government grants	5,441	9,927
Bank interest income	3,091	3,118
	<u>8,532</u>	<u>13,045</u>
Gains		
Gains on financial assets at fair value through profit or loss	405	605
Fair value gains on financial assets at fair value through profit or loss	144	–
Gains from deregistration of a subsidiary	–	1,261
Gains on disposal of items of property, plant and equipment, net	–	649
Others	451	242
	<u>1,000</u>	<u>2,757</u>
Other income and gains	<u>9,532</u>	<u>15,802</u>

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Other expenses and losses		
Losses on disposal of items of property, plant and equipment, net	67	–
Losses on disposal of subsidiaries	–	553
Others	41	37
	<u>108</u>	<u>590</u>
Other expenses and losses	<u>108</u>	<u>590</u>

6. PROFIT BEFORE TAX

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

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Cost of inventories sold and services provided*	805,801	787,783
Advertising expenses	491,379	380,039
Depreciation of property, plant and equipment	27,610	26,335
Depreciation of right-of-use assets	8,674	9,202
Amortisation of other intangible assets	804	1,262
Equity-settled share-based payment expenses	1,355	10,849
Losses/(gains) on disposal of items of property, plant and equipment, net	67	(631)
Reversal of impairment of trade and bills receivables	(1,980)	(26)
Accrual of impairment of deposits and other receivables	501	1,710
Impairment of inventories	3,220	1,769

* Cost of inventories sold and services provided include impairment of inventories, expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Interest on bank borrowings	1,700	1,457
Interest on lease liabilities	1,049	1,116
Factoring charges (a)	582	548
	3,331	3,121

(a) For certain trade receivables of Customer Group A, the Group entered into a factoring arrangement without recourse with a factoring company, which is also an affiliate of Customer Group A, and recorded relevant factoring charges in profit and loss.

8. INCOME TAX

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

PRC corporate income tax

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

Certain of the Group’s PRC subsidiaries are accredited as High and New Technology Enterprises and were therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. Such qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Certain subsidiaries engaged in the “Encouraged Industries in the Western Region” are eligible for the preferential EIT rate of 15%.

Certain subsidiaries were in line with the policies in Notice on Preferential Corporate Income Tax Policies for Kashgar and Khorgos Special Economic Development Zones in Xinjiang. The corporate income tax shall be exempted within five years from the tax year to which the first production and operation income belongs.

Certain subsidiaries were qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 5% during the Relevant Periods.

HK profit tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods. However, one subsidiary of the Group which is qualifying corporation can elect for the two-tiered Profits Tax rates regime. Under the two-tiered Profits Tax rate regime, the first HK\$2,000,000 of assessable profits of the qualifying Group entity established in Hong Kong are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Current income tax		
– Mainland China	6,387	9,085
– Hong Kong	2,445	393
Deferred tax	93	716
	8,925	10,194

9. DIVIDENDS

No dividends were declared to the owners of the parent for the three months ended 31 March 2025 and the three months ended 31 March 2024.

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

(a) Basic

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods, respectively.

The following reflects the income and share data used in the basic earnings per share computation:

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Profit attributable to owners of the parent	59,160	42,805
Less: dividends payable to expected vested restricted shares	301	1,597
Profit attributable to owners of the Company used in calculating basic EPS	<u>58,859</u>	<u>41,208</u>
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>372,679,295</u>	<u>370,033,448</u>
Basic EPS (<i>RMB per share</i>)	<u>0.16</u>	<u>0.11</u>

(b) Diluted

The restricted shares granted under Share Incentive Plans by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the vesting of all potential dilutive ordinary shares arising from Share Incentive Plans (collectively forming the denominator for computing the diluted EPS).

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Profit attributable to owners of the Company used in calculating diluted EPS	<u>59,160</u>	<u>42,805</u>
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>372,679,295</u>	<u>370,033,448</u>
Adjustments for potential shares arising from Share Incentive Plans	<u>–</u>	<u>883,548</u>
Weighted average number of shares used in calculating diluted EPS	<u>372,679,295</u>	<u>370,916,996</u>
Diluted EPS (<i>RMB per share</i>)	<u>0.16</u>	<u>0.11</u>

11. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2025, the Group acquired items of property, plant and equipment with a cost of RMB7,668,000 (31 March 2024: RMB21,566,000).

Items of property, plant and equipment with a net book value of RMB3,206,000 were disposed of by the Group during the three months ended 31 March 2025 (31 March 2024: RMB2,197,000), resulting in net losses on disposal of RMB67,000 (31 March 2024: net gains on disposal of RMB649,000).

12. LEASES

Right-of-use assets

For the three months ended 31 March 2025, additions to right-of-use assets were RMB453,000 (31 March 2024: RMB4,258,000).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Other unlisted investments, at fair value	130,500	130,863

The above unlisted investments were investments issued by private equity fund in Hong Kong, China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As of 31 March 2025 and 31 December 2024, the private equity fund was still in the fundraising stage and had not yet made external investments. The management believe that the fair value of the fund unlisted investments as of 31 March 2025 and 31 December 2024 was similar to the investment cost. The fair value change of the fund investments during the three months ended 31 March 2025 was attributable to exchange rate fluctuations.

14. INVENTORIES

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Raw materials	137,858	160,553
Work in progress	27,766	28,320
Finished goods	275,214	271,470
Others	266	448
	441,104	460,791
Impairment allowance	(15,057)	(12,902)
	426,047	447,889

15. TRADE AND BILLS RECEIVABLES

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Trade receivables	561,382	591,571
Impairment	(40,689)	(42,681)
Trade receivables, net	520,693	548,890
Bills receivables	5,090	4,995
Trade and bills receivables	525,783	553,885

An ageing analysis of the trade receivables of the Group as at 31 March 2025 and 31 December 2024 (based on the invoice date) is as follows:

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Within 1 year	538,322	569,614
1 to 2 years	5,182	5,595
2 to 3 years	3,926	4,038
3 to 4 years	11,508	10,926
4 to 5 years	1,180	206
Over 5 years	1,264	1,192
Impairment allowance	561,382 (40,689)	591,571 (42,681)
	520,693	548,890

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

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
At beginning of the period/year	42,681	37,691
(Reversals)/additions	(1,980)	7,229
Write-off	(12)	(2,239)
At end of the period/year	<u>40,689</u>	<u>42,681</u>

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

As at 31 March 2025 (unaudited)

	Expected credit loss rate	Gross carrying amount	Expected credit losses
Within one year	4.83%	538,322	26,007
1 to 2 years	10.00%	5,182	518
2 to 3 years	20.00%	3,926	785
3 to 4 years	40.00%	833	333
4 to 5 years	60.00%	183	110
Over 5 years	100.00%	387	387
Individually assessed	100.00%	548,833 <u>12,549</u>	28,140 <u>12,549</u>
		<u>561,382</u>	<u>40,689</u>

As at 31 December 2024 (audited)

	Expected credit loss rate	Gross carrying amount	Expected credit losses
Within one year	4.96%	569,614	28,230
1 to 2 years	10.00%	5,595	559
2 to 3 years	20.00%	2,526	505
3 to 4 years	40.00%	657	263
4 to 5 years	60.00%	137	82
Over 5 years	100.00%	383	383
Individually assessed	100.00%	578,912 <u>12,659</u>	30,022 <u>12,659</u>
		<u>591,571</u>	<u>42,681</u>

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Prepayments	38,730	21,080
Deposits and other receivables	142,128	150,088
Value-added tax recoverable	10,658	17,527
Prepaid income tax	2,336	2,059
Listing expense	49,995	45,870
Others	1,828	296
	<u>245,675</u>	<u>236,920</u>
Impairment allowance	<u>(95,541)</u>	<u>(95,046)</u>
	<u><u>150,134</u></u>	<u><u>141,874</u></u>

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

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Current		
Cash and cash equivalents	716,320	711,062
Time deposits with original maturities between three months to one year	64,228	50,169
Pledged deposits	84,814	67,971
	<u>865,362</u>	<u>829,202</u>
Non-current		
Time deposits with original maturities between three months to one year	<u>179,871</u>	<u>133,791</u>

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

The bank balances are deposited with creditworthy banks with no recent history of default.

18. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 31 March 2025 and 31 December 2024, based on the invoice date, is as follows:

	As at 31 March	As at 31 December
	2025	2024
	RMB'000 (unaudited)	RMB'000 (audited)
Within 1 year	665,877	695,430
1 to 2 years	11,075	12,916
2 to 3 years	2,635	3,950
Over 3 years	3,291	4,264
	682,878	716,560

In 2024 August, the Group entered into supplier finance arrangements with Ping An Bank Co., Ltd. (“**Ping An Bank**”) and Agricultural Bank of China Limited (“**Agricultural Bank**”), together as the “discounting banks”. Pursuant to the agreements, Ping An Bank provided discounting the bill receivables of the Group’s suppliers without credit limit. Agricultural Bank provided a total credit limit up to RMB50 million for discounting the bill receivables of the Group’s suppliers.

Under these supplier finance arrangements, the Group’s suppliers can elect to have their undue bill receivables from the Group discounted by the discounting banks. Upon the Group’s approval, the discounting banks will pay the suppliers directly for the discounted receivables. The Group will subsequently make payments to the discounting banks to settle the discounted bill receivables. The term of the above supplier finance arrangements is usually not more than 6 months.

From the perspective of the Group, the supplier finance arrangements effect a non-cash movement of the reclassification from payables to suppliers to payables to the discounting banks. As at 31 March 2025, Ping An Bank and Agricultural Bank had paid discounting financing funds amounting to RMB26,457,000 and RMB24,403,000, respectively.

19. OTHER PAYABLES AND ACCRUALS

	As at 31 March	As at 31 December
	2025	2024
	RMB'000 (unaudited)	RMB'000 (audited)
Payroll and welfare payables	62,008	94,319
Repurchase obligation for restricted shares	47,101	47,101
Deposits and other payable	29,698	31,336
Others	7,465	8,565
	146,272	181,321

Other payables are non-interest-bearing and have no fixed terms of settlement, except for repurchase obligation for restricted shares which will be settled according to the vesting schedules.

20. INTEREST-BEARING BANK BORROWINGS

	As at 31 March 2025			As at 31 December 2024		
	<i>Effective interest rate (%) (unaudited)</i>	<i>Maturity (unaudited)</i>	<i>RMB'000 (unaudited)</i>	<i>Effective interest rate (%) (audited)</i>	<i>Maturity (audited)</i>	<i>RMB'000 (audited)</i>
Current						
Bank loans – secured	2.21%-2.80%	2025-2026	72,506	2.55%-3.15%	2025	29,522
Bank loans – unsecured	2.21%-3.15%	2025-2026	84,017	2.40%-2.55%	2025	79,054
Current portion of long term bank loans – secured	2.55%-3.50%	2025-2026	4,420	2.55%-3.50%	2025	4,543
Current portion of long term bank loans – unsecured	2.00%-4.00%	2025-2026	9,261	4.00%	2025	8,007
			<u>170,204</u>			<u>121,126</u>
Non-current						
Bank loans – secured	2.55%-3.50%	2026-2027	80,167	2.55%-3.50%	2026-2027	127,067
Bank loans – unsecured	2.00%	2028	25,650	–	–	–
			<u>105,817</u>			<u>127,067</u>

- (a) Certain of the Group's buildings with net carrying amount of approximately RMB31,628,000 and RMB32,076,000 as at 31 March 2025 and 31 December 2024, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.
- (b) Certain of the Group's land use rights with a net carrying amount of approximately RMB29,733,000 and RMB29,902,000 as at 31 March 2025 and 31 December 2024, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.
- (c) As at 31 March 2025 and 31 December 2024, the Group's interest-bearing bank borrowings of RMB157,093,000 and RMB161,133,000, respectively, were jointly guaranteed by the Company and its subsidiaries of the Group.

21. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the interim condensed consolidated statements of changes in equity in the interim financial information.

(a) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

(b) Share award reserve

The share award reserve comprises the fair value of equity-settled share-based payment expenses.

(c) **Capital reserve**

The capital reserve mainly arose from (i) the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries; and (ii) the acquisition of non-controlling interest of the Group's subsidiaries. Details of the movement in capital reserve are set out in the interim condensed consolidated statements of changes in equity of the interim financial information.

(d) **Other comprehensive income**

The other comprehensive reserve mainly represented exchange fluctuation reserve, which is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(e) **Treasury Shares**

	<u>Number of shares</u>	<u>Treasury shares</u>
		<i>RMB'000</i>
At 31 December 2024 (audited)	<u>11,982,292</u>	<u>136,164</u>
Repurchase of shares (i)	<u>534,200</u>	<u>7,226</u>
At 31 March 2025 (unaudited)	<u>12,516,492</u>	<u>143,390</u>

- (i) The Company repurchased shares for future Share Incentive Plans through centralized price bidding by self-owned funds, which were recognised as treasury shares as at 31 March 2025 and 31 December 2024.

22. CONTINGENT LIABILITIES

As at 31 March 2025 and 31 December 2024, neither the Group nor the Company had any significant contingent liabilities.

23. COMMITMENTS

The Group had the following capital commitments at 31 March 2025 and 31 December 2024:

	<u>As at 31 March 2025</u>	<u>As at 31 December 2024</u>
	<i>RMB'000 (unaudited)</i>	<i>RMB'000 (audited)</i>
Contracted, but not provided for purchase of property, plant and equipment	<u>26,184</u>	<u>11,455</u>

24. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES

(a) Disposal of subsidiaries

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Net assets disposed of:		
Cash and cash equivalents	–	958
Other current assets	–	15,038
Other non-current assets	–	87
Other current liabilities	–	(13,020)
Other non-current liabilities	–	–
Subtotal	–	3,063
Non-controlling interests	–	(1,470)
Net assets attributable to the Group disposed of:	–	1,593
Losses on disposal of subsidiaries	–	(553)
	<u>–</u>	<u>–</u>
Total consideration	–	1,040
	<u>–</u>	<u>1,040</u>
Satisfied by:		
Cash	–	1,040
	<u>–</u>	<u>1,040</u>

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

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Cash consideration	–	1,040
Cash and cash equivalents disposed of	–	(958)
	<u>–</u>	<u>–</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	82
	<u>–</u>	<u>82</u>

(b) Deregistration of a subsidiary

On 14 May 2024, the Group properly and legally deregistrated Shaanxi Yongxin Paper Industry Packaging Co., Ltd. (“Shaanxi Yongxin”), and such deregistration has been completely settled. Before the deregistration, the Group’s direct equity interest in Shaanxi Yongxin was 51%. Net outflow of cash and cash equivalents in respect of the deregistration of Shaanxi Yongxin was RMB21,447,000, representing 49% non-controlling interest of the net asset value of Shaanxi Yongxin at the date of deregistration. The gains on deregistration of Shaanxi Yongxin had been reflected in the consolidated statements of profit or loss.

25. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group had the following transactions with related parties during the Relevant Periods:

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Sales of goods		
Associates	35	550
Purchases of products		
Associates	674	1,007
Purchases of services		
Associates	66	500

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(b) Outstanding balances with related parties

	As at 31 March	As at 31 December
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Amounts due to related parties		
Associates	723	972
Amounts due from related parties		
Associates	1,009	1,243

The outstanding balances with related parties are all trade in nature.

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

	Three months ended 31 March	
	2025	2024
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>
Fees	205	223
Other emoluments:		
Salaries, allowances and benefits in kind	2,869	1,731
Performance related bonuses	–	90
Equity-settled share-based payment expenses	282	1,791
Pension scheme contributions	43	45
	3,399	3,880

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the non-current portion of pledged deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to their carrying amounts.

The unlisted investments in financial assets at fair value through profit or loss were investments issued by private equity fund in Hong Kong. As at 31 March 2025 and 31 December 2024, the private equity fund was in the fundraising stage and had not yet made investments. The fair values 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 Group's finance manager reports directly to the financial director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

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 March	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	2025			
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Trade and bills receivables	5,089	–	5,089	–
Financial assets at fair value through profit and loss	194,728	64,228	130,500	–
Equity investments designated at fair value through other comprehensive income*	8,254	–	–	8,254
	<u>208,071</u>	<u>64,228</u>	<u>135,589</u>	<u>8,254</u>

* As of 31 March 2025, there was no significant change in the financial position and performance of equity investments companies compared to the end of the previous period, and there was no change in the valuation techniques or parameters disclosed in Note 45 to the Historical Financial Information in Appendix IA, including weighted average cost of capital and discount for lack of liquidity, which contributed to the consistency in the valuation of these equity instruments. Thus, the fair value of equity investments designated at fair value through other comprehensive income remained the same as on 31 December 2024. The fair value change of financial assets at fair value through profit and loss during the three months ended 31 March 2025 was attributable to exchange rate fluctuations.

	As at 31 December	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	2024	Level 1	Level 2	Level 3
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Trade and bills receivables	4,204	–	4,204	–
Financial assets at fair value through profit and loss	158,951	28,088	130,863	–
Equity investments designated at fair value through other comprehensive income	8,254	–	–	8,254
	<u>171,409</u>	<u>28,088</u>	<u>135,067</u>	<u>8,254</u>

27. EVENTS AFTER THE RELEVANT PERIODS

Progress of share repurchase program

During the period from 1 April 2025 to 30 April 2025, the Company repurchased 210,000 A shares with the considerations of RMB2,337,000 under the current share repurchase program.

Distribution of profit

On 1 April 2025, the Board of Directors approved the proposed profit distribution for the year 2024, based on the Company's outstanding 384,769,288 A shares less repurchased 6,559,900 A shares, which was 378,209,388 shares, to distribute cash dividends with the amount of RMB1.58 per 10 shares (including tax), a total cash dividend of RMB 59,757,000 will be distributed. The aforesaid matter was approved at the general meeting on 25 April 2025.

On 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed, taking into account of further share repurchases after the general meeting.

The following information dose not form part of the Accountant's Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix IA to this document, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus, the Accountants' Report set out in Appendix IA to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effects of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the parent as of 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owner of the parent had the Global Offering been completed as of 31 December 2024 or as at any future dates. It is prepared based on our consolidated net tangible assets as of 31 December 2024 as set out in the Accountants' Report as set out in Appendix IA to this Prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company does not form part of the Accountants' Report as set out in Appendix IA to this Prospectus.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2024	Estimated net Proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 31 December 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024
	RMB'000	RMB'000	RMB'000	RMB	(HK\$ equivalent)
	(Note 1)	(Note 2)		(Note 3)	(note 4)
Based on an Offer Price of HK\$[7.48] per Share	2,172,529	373,179	2,545,708	5.62	6.06
Based on an Offer Price of HK\$[10.68] per Share	2,172,529	564,461	2,736,990	6.05	6.52

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2024 is arrived at after deducting other intangible assets of RMB19,910,000 and goodwill of RMB9,585,000 as at 31 December 2024 from the consolidated equity attributable to owners of the parent of RMB2,202,024,000 as at 31 December 2024 set out in the Accountants' Report in Appendix IA to this Prospectus.
2. The estimated net proceeds from the Global Offering are based on estimated low end and high end offer prices of HK\$[7.48] and HK\$[10.68] per H Share after deduction of underwriting fees and commissions and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period).
3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are arrived at by dividing the unaudited pro forma adjusted net tangible assets by [452,679,288] shares, being the number of shares in issue assuming that the Global Offering had been completed on 31 December 2024 and excluding the impact of the subsequent events: The Company (i) repurchased 744,200 A shares with the consideration of RMB9.6 million from 1 January 2025 to 30 April 2025 and (ii) on 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed. Including the impact of subsequent events, the unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024 would be HK\$[5.90] and HK\$[6.35], based on an Offer Price of HK\$[7.48] and HK\$[10.68] per Share, respectively.
4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK\$ at the rate of RMB1.0000 to HK\$1.0781.
5. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to 31 December 2024.

To the Directors of Xiamen Jihong Co., Ltd

We have completed our assurance engagement to report on the compilation of pro forma financial information of Xiamen Jihong Co., Ltd (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 31 December 2024, and related notes as set out on pages II-1 to II-2 of the prospectus dated 19 May 2025 issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 31 December 2024 as if the transaction had taken place at 31 December 2024. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2024, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

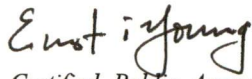
The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.



Certified Public Accountants

Hong Kong

19 May 2025